

This page is a reference page used to track documents internally for the Division of Oil, Gas and Mining

Mine Permit Number MO450017 Mine Name Mercur Mine
Operator BARRICK Resources Date 12-31-1985
TO _____ FROM _____

☐ CONFIDENTIAL ☐ BOND CLOSURE ☐ LARGE MAPS ☒ EXPANDABLE
☐ MULTIPUL DOCUMENT TRACKING SHEET ☐ NEW APPROVED NOI
☐ AMENDMENT ☐ OTHER _____

Description

YEAR-Record Number

☐ NOI ☒ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

Securities and Exchange Commission

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ TEXT/ 81/2 X 11 MAP PAGES ☐ 11 X 17 MAPS ☐ LARGE MAP

COMMENTS: _____

CC: _____

Barrick Resources Corporation
Report to the Shareholders

The Gold Company of America (The Prudential-Bache/ Barrick Gold Acquisition Partnership) financing closed in January 1985 and Barrick, through a wholly owned subsidiary which owns the Camflo mine, received \$53 million for the sale of gold under long-term sales contracts. At current gold prices these sales will account for approximately 20% of the Camflo mine's production. The sale of the Company's Canadian gas producing properties for \$32 million also closed in the first quarter. These two transactions enabled the Company to fully repay its bank debt, and significantly increased its liquidity.

Negotiations during the period resulted in the signing of an agreement on May 15th to purchase from Texaco Inc. the Getty Gold Mine Company, whose sole asset is the Mercur mine. The Mercur Mine is an open pit gold operation with a standard cyanide carbon in leach mill located on 13,400 acres in Tooele

County, Utah, some 30 miles southwest of Salt Lake City. Production is forecast to be over 80,000 ounces of gold during the first year of operation under Barrick's management. The acquisition is expected to close in late June, 1985.

Mr. Gary Last has tendered his resignation as President and Chief Executive Officer of the Company effective May 31, 1985 to enable him to pursue personal interests in the oil and gas sector. Mr. Peter Munk will assume the position of Chief Executive Officer and will continue as Chairman of the Board. Mr. Robert Smith will become Chief Operating Officer of the Company and will continue as Executive Vice-President, Mining. The Company wishes to thank Mr. Last for the contribution he has made during the past three years and is pleased to have Mr. Last's continued association with the Company as a director.

Barrick Resources Corporation

Report to the Shareholders

(continued)

Review of Operations

Gold

Gold production from the Camflo mine, including 40% of Malartic Hygrade production, totalled 9,314 ounces for the quarter, of which 1,922 ounces were distributed to Gold Company of America. Revenues amounted to \$3.8 million (\$404 per ounce) and costs were \$29 per ton (\$269 per ounce). Production for the first quarter of 1984 amounted to 10,298 ounces, generating revenues of \$4.9 million (\$476 per ounce) with operating costs of \$29 per ton (\$246 per ounce).

Production at the Pinson mine, in which United Siscoe Mines Inc., a 43.7% owned affiliate of Barrick, has a 26.25% interest, totalled 15,699 ounces for the quarter, 4,121 ounces net to United Siscoe. United Siscoe's revenues from the operation amounted to \$1.7 million (\$412 per ounce) and costs were \$25 per ton (\$237 per ounce). Production for the first quarter of 1984 amounted to 13,319 ounces, 3,496 ounces net to United Siscoe, generating revenues of \$1.7

million (\$486 per ounce) with costs of \$20 per ton (\$220 per ounce).

Production from the Renabie mine, in which Barrick has a 50% interest, amounted to 2,140 ounces net to Barrick after distributions to the Barrick-Cullaton Gold Trust, generating revenues of \$944,000 (\$424 per ounce) with costs of \$63 per ton (\$442 per ounce). Barrick's share of production for the first quarter of 1984 amounted to 2,725 ounces, generating revenues of \$1.3 million (\$485 per ounce) with operating costs of \$74 per ton (\$496 per ounce). Significant operating improvements continue to take place as the expansion plan, funded by the Barrick-Cullaton Gold Trust, proceeds to completion. Renabie has presented to the Trust a revised plan prepared by Royex Gold Mining Corporation, the mine manager, which proposes a revised production level of 40,000 ounces per year, increasing to 60,000 ounces should sufficient additional ore reserves be discovered.

Stripping at the Valdez Creek open pit placer gold property in Alaska, in which Barrick has a 23.125% interest, began in March with gold production expected to commence in June for the 1985 season.

Drilling results from the Company's McDermott gold project, located some 27 miles north-east of Kirkland Lake, Ontario, have justified a major acceleration of the detailed exploration and development program and the Company now has five drills in operation. Reserve estimates are currently being upgraded and will be announced within the next few weeks. Plans are underway to commence sinking an exploration shaft in August of this year to enable a production decision during the first half of 1986.

Oil and Gas

The Company's oil and gas activities in the first quarter were focussed on its South Texas operations. The Yeager prospect was assembled and promoted with Barrick carried for an 8.25 percent interest through approximately \$10

million in exploration costs. This deep geophysical play appears to be a multizone discovery of oil and natural gas.

The Southeast Fandango drilling activity during the period featured an important discovery in Queen City sands at 7,500 feet. The Company has a 12½ percent working interest in this discovery which is presently flowing 2 million cubic feet of gas and 50 barrels of condensate per day. A subsequent confirmation well appears to be successful in the same formation.

Coal

Coal sales from the Muskingum and Crown mines, owned by La Luz Mines Limited, a 89.5% subsidiary of Barrick, were 184,000 tons and 98,600 tons respectively. Revenues totalled US\$10.1 million with an average cost of US\$23 per ton. Coal sales for the first quarter 1984 were 186,000 tons and 112,000 tons for Muskingum and Crown respectively, generating revenues of US\$10.5 million with costs of US\$20 per ton.

Barrick Resources Corporation

Report to the Shareholders

(continued)

Barrick accounts for this investment by the equity method as its present intention is to dispose of these operations.

Normal Course Issuer Bid

The Company on May 31, 1985 filed with the Toronto Stock Exchange and The Montreal Exchange a notice of intention to make a normal course issuer bid to purchase certain of its issued common shares. Barrick believes that the market price of its common shares at the date of filing the notice does not adequately reflect the value of its business and its future business prospects and that, therefore, Barrick's purchase of its common shares represents an appropriate and desirable use of its funds. Subject to acceptance of the notice by the exchanges, the Company will be permitted to purchase shares during the period June 24, 1985 to June 23, 1986. Any such purchases through the facilities of the exchanges will not exceed, during any calendar month, 2% of the number of shares of the Company outstanding and,

during the 12 month period, will not exceed 10% of the public float of common shares of Barrick. Barrick has determined to allocate to the purchases of common shares a maximum of \$5 million.

Shareholders may obtain a copy of the notice, without charge, by contacting the Company.

Financial Results

Revenues and income generated from operations were significantly higher for the first quarter of 1985 than for the comparable period in 1984 due to the inclusion of the results of the Camflo mine and other assets acquired on the amalgamation of Camflo Mines Limited, Bob-Clare Investments Limited and Barrick in July 1984. Revenues increased to \$5.1 million from \$1.5 million and income generated from operations was \$1 million, compared to a loss of \$400,000. The loss for the period was \$958,000 (\$5.01 per share), slightly up from the \$720,000 (\$5.01 per share) loss in 1984. Included in other income is \$1.1 million surplus arising from

the performance of the investment fund of the Company's pension plan.

As described in this report, the Company's working capital position improved significantly, increasing by \$31 million after repayment of \$49 million of long-term debt, during the quarter as a result of the Gold Company of America financing and the sale of the Canadian gas properties.

The acquisition of the Mercur gold mine will improve income from

operations for 1985, which should result in the Company becoming profitable this year.



Peter Munk
*Chairman and
Chief Executive Officer*

May 30, 1985

Barrick Resources Corporation
Consolidated Balance Sheet
As at March 31, 1985
(Expressed in thousands of Canadian dollars)
(Unaudited)

	1985	1984
Assets		
Current assets		
Cash and short-term deposits	\$ 244	\$ 792
Marketable securities	1,586	2,221
Accounts receivable	5,073	996
Mine operating supplies	2,856	531
	9,759	4,540
Cash held in trust	2,976	6,711
Property, plant and equipment	123,968	42,930
Investments	45,027	—
Other assets	1,575	2,185
	<u>\$183,305</u>	<u>\$ 56,366</u>
Liabilities		
Current liabilities		
Bank loans	\$ 938	\$ 619
Accounts payable and accrued liabilities	7,963	3,868
Current maturities of long-term debt	803	—
	9,704	4,487
Long-term debt	3,189	4,607
Gold trust interest	6,844	7,237
Deferred gold production revenue	49,754	—
Deferred taxes	9,189	—
	<u>78,680</u>	<u>16,331</u>
Shareholders' equity		
Capital stock	130,437	48,211
Deficit	(25,812)	(8,176)
	<u>104,625</u>	<u>40,035</u>
	<u>\$183,305</u>	<u>\$ 56,366</u>

Barrick Resources Corporation
Consolidated Statement of Operations
For the Three Months Ended March 31, 1985
(Expressed in thousands of Canadian dollars)
(Unaudited)

	<u>1985</u>	<u>1984</u>
Revenue		
Gold	\$ 4,942	\$ 1,461
Petroleum and natural gas	<u>160</u>	<u>—</u>
	<u>5,102</u>	<u>1,461</u>
Expenses		
Gold	3,485	1,343
Petroleum and natural gas	44	—
Administration	<u>553</u>	<u>510</u>
	<u>4,082</u>	<u>1,853</u>
Income generated from operations	1,020	(392)
Interest	(1,077)	—
Gold acquisition expenditures	(324)	—
Depreciation, depletion and amortization	(1,763)	(424)
Other income	<u>2,075</u>	<u>96</u>
Loss before taxes and other items	(69)	(720)
Resource taxes	(106)	—
Share of earnings of equity accounted companies	<u>(783)</u>	<u>—</u>
Loss for the period	<u>\$ (958)</u>	<u>\$ (720)</u>
Loss per share (dollars)	<u>\$ (.01)</u>	<u>\$ (.01)</u>

Barrick Resources Corporation

Consolidated Statement of Changes in Financial Position

For the Three Months Ended March 31, 1985

(Expressed in thousands of Canadian dollars)

(Unaudited)

	1985	1984
Working capital derived from		
Loss for the period	\$ (958)	\$ (720)
Items not affecting working capital		
Depreciation, depletion and amortization	1,763	171
Amortization of deferred gold production revenue and gold trust interest	(1,101)	—
Share of earnings of equity accounted companies	783	—
Gold acquisition costs	324	—
Unrealized foreign exchange loss	—	80
Operations	811	(469)
Deferred gold production revenue	53,003	—
Sale of petroleum and natural gas interests	31,527	189
Cash held in trust for mine expansion	728	—
Increase in long-term debt	—	910
Issue of capital stock	244	—
Reclassification of long-term investment	—	1,117
	<u>86,313</u>	<u>1,747</u>
Working capital applied to		
Repayment of long-term debt	48,892	—
Property, plant and equipment	3,787	2,273
Advances to affiliated companies	1,469	—
Investments	1,315	—
Redemption of preferred shares	14	106
Other	273	—
	<u>55,750</u>	<u>2,379</u>
Increase (decrease) in working capital	<u>30,563</u>	<u>(632)</u>
Working capital (deficiency) at beginning of period	<u>(30,508)</u>	<u>685</u>
Working capital at end of the period	<u>\$ 55</u>	<u>\$ 53</u>

Barrick Resources Corporation
Suite 3001, South Tower
P.O. Box 45, Royal Bank Plaza
Toronto, Ontario, Canada M5J 2J1
Telephone (416) 865-0005
Telex 06-218626 BRC TOR

Barrick Exploration Company
1536 Cole Blvd.,
Golden, Colorado 80401
Telephone (303) 232-4301
TWX 910 934 0111 Barrick GLDN

Stock Exchanges

Common Shares
Toronto Stock Exchange
Montreal Exchange
Symbol "BRC"
NASDAQ Symbol "BRCFF"

21/045/017

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

- () REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934
- (X) ANNUAL REPORT PURSUANT TO SECTION 13 or 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1985.

Commission file number _____

AMERICAN BARRICK RESOURCES CORPORATION

(Exact name of registrant as specified in its charter)

Province of Ontario, Canada

(Jurisdiction of incorporation or organization)

24 Hazelton Avenue
Toronto, Canada M5R 2E2

(Address of principal executive offices)

Securities registered or to be registered
pursuant to Section 12(b) of the Act: None

Securities registered
pursuant to Section 12(g) of the Act:

Common Shares

(Title of Class)

Securities for which there is a reporting obligation
pursuant to Section 15(d) of the Act: None

Number of outstanding shares of each class
as of December 31, 1985:

Common Shares

19,515,567

\$.0114 Non-cumulative Redeemable Convertible
First Preferred Shares, Series A

194,661

\$0.126 Non-cumulative Redeemable Convertible
First Preferred Shares, Series B

952,381

\$0.222 Non-cumulative Redeemable
Second Preferred Shares, Series A

237,068

Common Share Purchase Warrants

6,400,001

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 X Item 18

The exhibit index for this annual report is located at page 107.

Unless otherwise indicated, all information in this document is given as of May 31, 1986.

AMERICAN BARRICK RESOURCES CORPORATION

FORM 20-F

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EXCHANGE RATES AND FINANCIAL INFORMATION

All monetary figures expressed in this annual report are in Canadian dollars, except as otherwise specified. The following table sets forth the rate of exchange for U.S. dollars at the end of each of the past five years as well as the average, high and low rates of exchange for each period:

<u>Year</u>	<u>End of Year</u>	<u>Average (1)</u>	<u>High</u>	<u>Low</u>
1985	\$0.7156	\$0.7309	\$0.7575	\$0.7135
1984	\$0.7605	\$0.7723	\$0.8032	\$0.7527
1983	\$0.8035	\$0.8108	\$0.8201	\$0.7993
1982	\$0.8132	\$0.8088	\$0.8430	\$0.7691
1981	\$0.8430	\$0.8338	\$0.8499	\$0.8048

(1) Based on the average of the exchange rates on the last day of each month during the period.

Financial information is presented in accordance with accounting principles generally accepted in Canada. Differences between accounting principles generally accepted in Canada and in the United States, as applicable to American Barrick Resources Corporation ("Barrick"), are explained in Note 21 to the Consolidated Financial Statements of Barrick.

Item 1. Description of Business

General

American Barrick Resources Corporation is a North American gold producer, the common shares of which are listed for trading on the Toronto and Montreal stock exchanges in Canada, on the NASDAQ system in the United States and Paris Bourse. Unless otherwise indicated or the context otherwise requires, references to Barrick herein include Barrick and its subsidiaries.

Barrick is the corporation resulting from the amalgamation under the laws of the Province of Ontario, effective July 14, 1984, of Camflo Mines Limited ("Camflo"), Bob-Clare Investments Limited ("Bob-Clare") and the former Barrick Resources Corporation ("Predecessor Barrick"). Predecessor Barrick resulted from the amalgamation under the federal laws of Canada effective October 14, 1983 of Sungate Resources Ltd. ("Sungate") and the corporation known prior thereto as Barrick Resources Corporation, which itself resulted from the amalgamation under the laws of Ontario, effective May 1, 1983, of Consolidated Summit Mines Limited ("Summit") and PetroInc Resources Ltd. ("PetroInc"). On April 28, 1983, Summit completed a share exchange offer whereby it acquired all of the issued and outstanding shares of Barrick Petroleum Corporation ("Barrick Petroleum"), an Ontario company incorporated in 1980. By Articles of Amendment dated December 9, 1985, Barrick consolidated its common shares on a one for five basis and changed its name to American Barrick Resources Corporation.

Barrick owns interests in five producing gold mines, two principal gold exploration properties, two producing coal mines, and miscellaneous geothermal and oil and gas interests. The following is a map showing Barrick's principal areas of interest.



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The following table shows the book values of the various properties and interests which Barrick owns and their respective percentages of total assets, based upon their book values thereof as at December 31, 1985.

<u>Description of property or interest</u>	<u>Book Value as at December 31, 1985</u> (millions of dollars)	<u>% of total assets as at December 31, 1985</u>
Producing Canadian gold mines	\$ 80.3	38.8%
Producing U.S. gold mines	73.4	35.5
Gold exploration properties	19.9	9.6
Producing coal mines	18.7	9.0
Other	<u>14.5</u>	<u>7.1</u>
	<u>\$206.8</u>	<u>100.0%</u>

Barrick's producing gold mines accounted for 100% of Barrick's revenues and income from operations for the year ended December 31, 1985. During 1985 Barrick sold its Canadian oil and gas producing properties effective January 1, 1985, its New Zealand oil and gas exploration properties, and negotiations concluded in April 1986 for the sale of Barrick's United States oil and gas properties. Reference is made to "Recent Developments - Sale of United States Oil and Gas Interests" concerning the April 1986 United States oil and gas property sale.

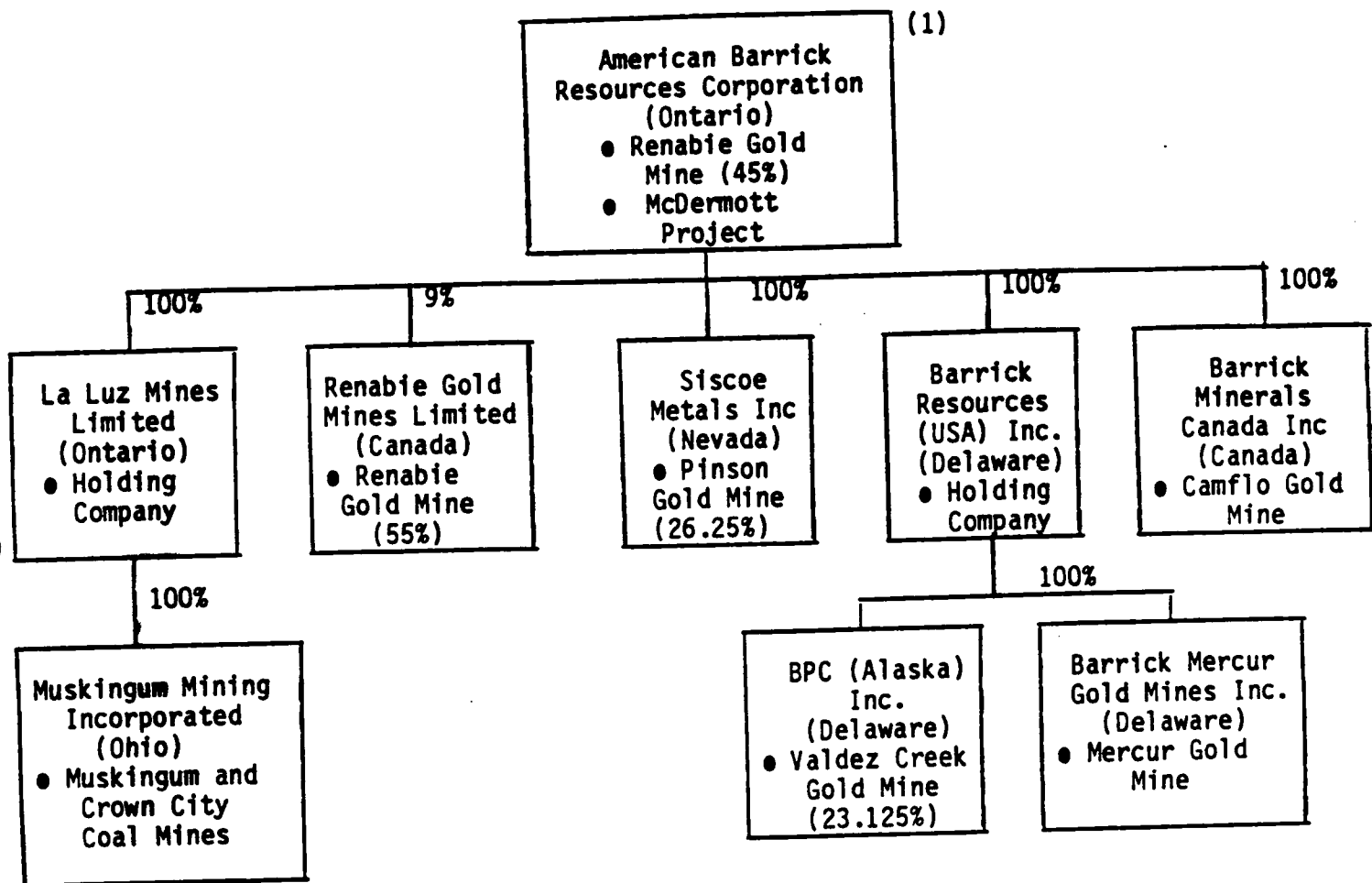
Barrick's gold exploration properties are located in Canada and the United States. Barrick intends to spend approximately \$10 million in 1986 to explore and develop these properties. A portion of these expenditures will be financed by flow-through shares. See "Gold Exploration and Development".

Barrick's investment in producing coal mines is not consolidated for accounting purposes but is accounted for by the equity method as an investment as Barrick's present intention is to dispose of them. During 1985 the coal mines contributed \$2,516,000 to earnings through Barrick's equity pick up which is included in other income. See "Coal Mining".

In December 1985 Barrick tendered its 43.7% interest in United Siscoe Mines Inc. ("Siscoe") and purchased Siscoe's wholly-owned subsidiary, Siscoe Holding Co., which holds a 26.25% interest in the Pinson Mine in Nevada and interests in certain geothermal properties located in Western United States. The transaction had the effect of increasing Barrick's indirect interest in the Pinson Mine and the geothermal interest, and of giving Barrick direct control over these interests. The Pinson Mine is described in detail on page 24. Barrick has attributed relatively little value to its geothermal properties and no profit is expected to be derived from these properties in the near future. Barrick does not anticipate making any further investment in these properties.

A significant proportion of Barrick's business is carried on through subsidiaries. A chart setting out the names of the principal subsidiaries of Barrick, the percentage of their respective voting securities owned by Barrick and/or other subsidiaries and their respective jurisdictions of incorporation and principal activities, is as follows:

Principal Subsidiaries of American Barrick Resources Corporation



(1) Common shares listed on The Toronto Stock Exchange, the Montreal Exchange, NASDAQ and Paris Bourse.

Recent Developments

The following is a description of material developments in the affairs of Barrick which have occurred since December 31, 1985.

Bullion Loan

In March, 1986 Barrick Mercur Gold Mines Inc. ("Barrick Mercur") borrowed approximately 74,250 ounces of gold from the Toronto-Dominion Bank which was used to repay the outstanding balance of the interim bullion loan originally entered into in December, 1985. The bullion loan is repayable in ounces of gold in semi-annual instalments over four years and bears interest currently at approximately 2% per annum.

The bullion loan is collateralized by the assets of Barrick Mercur and a guarantee of Barrick. The agreement provides for additional deliveries, in excess of the semi-annual instalments, equal to 50% of Barrick Mercur's net cash flow after approved capital expenditures and scheduled instalments.

Sale and Leaseback Financing

Pursuant to an agreement dated April 23, 1986 between Barrick, through Barrick Mercur, and TXL Canada ("TXL"), Barrick has agreed to sell the mobile and other selected equipment from the Mercur Mine to a special purpose subsidiary of TXL for US\$10 million and TXL has agreed to lease the equipment to Barrick Mercur over five years with lease payments of approximately US\$180,000 per month. Barrick Mercur has an option to purchase the equipment at the end of the lease term for US\$3 million. If the purchase option is not exercised Barrick will be liable for an additional lease payment of US\$1 million.

Under the terms of the lease Barrick Mercur must agree not to incur indebtedness in excess of US\$35 million and to certain covenants with respect to the maintenance and insurance of the equipment. Barrick will guarantee the obligations of Barrick Mercur under the lease.

Sale of United States Oil and Gas Interests

In April, 1986 Barrick sold all of its United States exploration and development oil and gas interests for aggregate proceeds of US\$1.1 million with Barrick retaining a residual interest of 10%-25% of the future revenues from the development of the properties.

Financial Impact of Recent Developments

The following is a summary of the financial impact of the recent developments previously discussed.

The sale of the remaining oil and gas assets generated working capital of US\$1.1 million in 1986. These interests were written down to net realizable value in the 1985 consolidated financial statements and the sale will have no affect on 1986 earnings.

The bullion loan refinancing will improve earnings marginally through a reduction in the interest rate and will improve corporate accessibility to cash flow from the Mercur Mine through the easing of cash flow distribution restrictions.

The sale and leaseback of the Barrick Mercur mine equipment will generate US\$10 million which will be utilized to repay existing bank indebtedness and generate additional working capital. The transaction will have no immediate effect on earnings.

The Gold Industry

The following discussion is based upon publicly available information regarding gold and is not intended to be all inclusive. Although the sources used in this discussion are believed to be reliable, the information has of necessity been relied on without independent verification. In considering such information, it should be noted that the price of gold is affected by many factors, including supply and demand, political developments and the anticipation of inflation.

The figures presented below are based primarily upon statistics relating to the gold industry in non-communist countries, since there is little information concerning the gold industry in communist countries. Because different statistical methods are sometimes used, figures may vary depending on the sources. In addition, supply figures are necessarily approximations since there is no reliable information concerning the quantity of gold in private hands.

Gold Price Fluctuations

The success of Barrick's business is, to a substantial degree, related to, among other things, the market price of gold. Gold prices fluctuate widely and are affected by numerous factors, all of which are beyond Barrick's control, including expectations for inflation, levels of interest rates, the demand for gold, global or regional political and economic crises and production costs in major gold producing regions, including South Africa and the Soviet Union. The aggregate effect of these factors is impossible to predict.

In the absence of a managed price of gold, analysis of the gold market involves an assessment of many factors, including changing production costs, shifts in public and private supply and demand, changes in the rate of general price inflation, variations in the producer inventory policy, purchase or sale by government entities, changes in international investment patterns and monetary systems, economic growth rates and political developments.

The volatility of gold prices is illustrated by the following table, which sets forth, for the periods indicated, the annual high, low and unweighted average gold prices in United States dollars per troy ounce on the London Bullion Market and the Commodity Exchange Inc. ("Comex") in New York:

	London Bullion Market			Comex		
	High	Low	Average	High	Low	Average
	(United States dollars)					
1985	\$340.90	\$284.25	\$317.27	\$340.70	\$282.00	\$317.36
1984	\$406.85	\$303.25	\$360.46	\$405.50	\$304.70	\$360.10
1983	\$509.25	\$374.25	\$424.18	\$510.10	\$372.60	\$424.12
1982	\$481.00	\$296.75	\$375.79	\$486.00	\$298.00	\$376.23
1981	\$599.25	\$391.25	\$459.72	\$597.00	\$388.50	\$459.02

On May 30, 1986 the afternoon fixing price of gold on the London Bullion Market was US\$343.20 and the closing market price of gold on the Comex in New York was US\$344.10.

Reference is made to the selected and segregated financial information tables under the headings "The Mercur Gold Mine", "The Camflo Gold Mine", "The Renabie Gold Mine", "The Pinson Gold Mine", and "The Valdez Gold Mine" for details as to the costs of mining gold at Barrick's major producing gold mines for the period indicated therein.

Prior to the 1930's, a full gold standard was in effect in the United States, which provided for complete convertibility of its currency into gold from governmental stocks. In 1934 the full gold standard was modified to provide currency backing and the United States officially raised the price of gold to US\$35 per troy ounce. In 1945 a gold exchange standard was developed whereby various world currencies were exchangeable into the dollar, which in turn was readily exchangeable into gold. In 1968 the two-tier system for gold transactions was developed wherein official central bank transactions were made at the price of US\$35 per troy ounce and all private transactions were made at market prices. In mid-1971 the United States ended the convertibility of its currency into gold. The major industrial countries of the world went on a floating currency exchange rate system. In the beginning of 1972 the United States formally devalued the dollar and severed the dollar's link to the price of gold.

Uses of Gold

Product fabrication and bullion investment are the two principal uses of gold. Within the fabrication category there are a wide variety of end uses, the largest of which is the manufacture of carat jewelry. Other fabrication purposes include official coins, electronics, miscellaneous industrial and decorative uses, dentistry, medals and medallions. Barrick believes that certain purchases of official coins and high-carat, low mark-up jewelry are motivated in part by investment, so that net private bullion purchases alone do not represent the total investment activity in physical gold during the course of the year. The following table shows the demand for gold by the free world during the five years, 1981 to 1985, according to "Gold 1986", the most recent report published by Consolidated Gold Fields PLC ("Gold Fields"), a gold producing and refining company.

Uses of Gold in Non-Communist Countries
(Metric Tons)

	<u>1985</u>	<u>1984</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>
Carat jewelry	898	826	604	714	605
Official coins	106	130	165	131	191
Electronics	111	126	103	87	90
Other industrial and decorative uses	52	56	50	61	62
Dentistry	52	51	50	59	64
Medals, medallions	<u>14</u>	<u>44</u>	<u>31</u>	<u>22</u>	<u>27</u>
Total fabrication	1,233	1,233	1,003	1,074	1,039
Net private bullion purchases (sales)(1)	<u>55</u>	<u>206</u>	<u>344</u>	<u>69</u>	<u>(59)</u>
Net private purchase	<u>1,288</u>	<u>1,439</u>	<u>1,347</u>	<u>1,143</u>	<u>980</u>

(1) Excludes coins, but includes hoarding of small bars and all other forms of bullion investment.

Supply of Gold

The supply of gold consists of a combination of sales from new mine production and also from existing stocks of bullion and fabricated gold, which are held by governments, public and private financial institutions, industrial organizations and private individuals. The following table shows the supply of gold to non-communist countries during the five years from 1981 to 1985 as reported by Gold Fields.

Gold Supply to Non-Communist Countries
(Metric Tons)

	<u>1985</u>	<u>1984</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>
Mine production					
South Africa	673	683	680	664	658
Canada	86	83	73	65	52
United States	79	69	61	45	43
Other	<u>375</u>	<u>314</u>	<u>298</u>	<u>251</u>	<u>223</u>
Total	1,213	1,149	1,112	1,025	976
Net imports from communist countries to non-communist countries	210	205	93	203	280
Government net sales (purchases)	<u>(135)</u>	<u>85</u>	<u>142</u>	<u>(85)</u>	<u>(276)</u>
Total available supply	<u>1,288</u>	<u>1,439</u>	<u>1,347</u>	<u>1,143</u>	<u>980</u>

The majority of the gold supplied to the non-communist market comes from mine production. As reported by Gold Fields, South African mine production made up 55% of the total non-communist mine production in 1985, although the mining of lower grades of ore during the period from 1980 has reduced output from that country. This decrease has been more than offset by increased production elsewhere. In 1982 non-communist mine production exceeded 1,000 metric tons for the first time since 1973.

Gold Mining and Exploration

The Mercur Gold Mine

Description of the Mine

Barrick Mercur Gold Mines Inc. ("Barrick Mercur"), an indirect wholly-owned subsidiary of Barrick, owns and operates the Mercur Gold Mine, an open pit mine which is located at the south end of the Oquirrh Mountains in Tooele County, Northern Utah, approximately 35 miles southwest of Salt Lake City. The Mercur Mine consists of approximately 13,400 acres held through mining leases, mining claims and outright ownership.

Barrick acquired Barrick Mercur (formerly Getty Gold Mine Company), an indirect wholly-owned subsidiary of Texaco Inc., for US\$31 million cash and a US\$9 million production payment. The terms of the production payment provide that payments are due only if the average price of gold in a calendar month exceeds US\$385. Barrick Mercur is obliged to pay Texaco Inc. an amount equal to the product obtained when the number of ounces of gold produced at the Mercur Mine in a month is multiplied by one-half of the amount by which the average price of gold during the preceding month exceeds US\$385 per ounce. Once a total of US\$9 million has been paid, the production payment ceases.

In connection with the acquisition Barrick Mercur borrowed US\$25 million which it repaid in December 1985 from the proceeds of a US\$25 million bullion loan. The bullion loan is secured by the assets of Barrick Mercur and a guarantee of Barrick.

Mining activity in the Mercur district commenced in 1870, flourished between the 1890's and 1917 and was renewed between 1937 and 1942. During these active periods, approximately 1,200,000 ounces of gold were produced in the district using underground mining methods.

Getty Oil Company acquired options on the Mercur Mine properties in 1973 and after extensive exploration initiated open pit excavation and mill construction on a substantial scale in 1982. The mine, mill and related facilities were completed after expenditures by Getty Oil Company of approximately US\$100 million and production commenced in April 1983.

The Mercur mine includes the Mercur, Sacramento, Marion Hill and Golden Gate gold deposits. The milling facility is a standard carbon in leach mill. The production rate is in excess of 4,200 tons per day. The mine is currently producing at an annual rate in excess of 110,000 ounces. The Mercur Mine presently employs approximately 190 full-time, non-unionized employees. Access to the mine is by way of an all-weather gravel road which connects to a state highway approximately 3 miles from the mine site.

Current mining operations are confined to the Mercur pit. The oxidized ore reserves contained within the Mercur pit only are sufficient to sustain milling operations for 2½ to 3½ years at the current production rate. Since the rate of recovery from refractory ore is significantly lower than from oxidized ore, Barrick Mercur mills only oxidized ore thereby increasing the recovery rate significantly and lowering operating costs. Refractory ore mined from the Mercur pit is being stockpiled and may be milled in later years. To date a substantial amount of waste and overburden has been removed. As a result, mining of the Mercur pit hereafter will be at a significantly better stripping ratio and at a lower cost than has been experienced to date.

During the drilling of blast holes, constant testing is carried on to identify the grades and types of ore at various zones in the pit. Areas of the pit are marked as containing oxidized or refractory ore and as containing ore of a grade suitable for milling (over 0.040 ounces of gold per ton) or of a grade which may be suitable for heap leaching (between 0.02 and 0.040 ounces of gold per ton). All remaining material is treated as waste.

Heap Leaching

Heap leaching operations commenced in June 1986. Management plans to leach a minimum of 400,000 tons of material grading an average of .035 ounces per ton in 1986. Based on several tests run to determine the metallurgical characteristics of the ore during heap leaching, including a small scale production test at the end of 1985, management expects that at indicated recovery rates of between 40-50% heap leaching will generate between 5,600 and 7,000 ounces of gold in 1986.

Ore Reserves

The gold mineralization at the Mercur Mine is extremely fine grained, is associated with pyrite and occurs in thin bedded limestones forming stratiform ore bodies. The shallow depth of the ore makes it suitable for open pit mining.

Most of the mineralization has been oxidized which permits the cyanide solutions applied to the ore during milling to dissolve the gold. Where oxidation has not taken place, the material is described as refractory and gold recoveries attainable when existing extraction techniques are applied are reduced to a lower level than for the oxide material.

The following table sets forth Management's estimates of the proven and probable reserves at the Mercur Mine as at December 31, 1985, as well as the average grade for each category of reserve, based upon a gold price of US\$325.

Proven and probable ore reserves of the Mercur Mine as at December 31, 1985
are:

	Reserves	
	Mill Ore	Heap Leach Sub-Ore
Oxide Reserves		
Proven (tons)	9,312,000	4,498,000
Grade (ounces per ton)	0.078	0.034
Probable (tons)	5,463,000	5,095,000
Grade (ounces per ton)	<u>0.067</u>	<u>0.024</u>
Proven and Probable (tons)	14,775,000	9,593,000
Grade (ounces per ton)	0.074	0.029
Refractory Reserves (1)		
Proven and Probable (tons)	5,358,000	
Grade (ounces per ton)	0.063	

- (1) The refractory ore has a high sulfide content and a low amenability to existing metallurgical treatments. As a result this ore is being stockpiled for future production.

Based on the foregoing reserves, at current production levels, the mine has a mine life of approximately 14 years.

Operating and Financial Information

The following table summarizes certain gold production and other operating information relating to the Mercur Mine. Barrick acquired the Mercur mine and assumed management of the operation on June 28, 1985.

	Six Months Ended December 31, 1985	Six Months Ended June 28, 1985	Year Ended December 31,	
			1984	1983
Tons of ore milled	722,277	509,792	1,092,453	692,260
Average millhead grade (ounces per ton)	0.089	0.110	0.096	0.083
Mill recovery rate (%)	79.6	76.0	76.4	66.2
Ounces of gold produced				
Milled ore	51,476	41,546	79,105	35,828
Heap leached material	814	-	-	-
Total ounces produced	52,290	41,546	79,105	35,828
Cash cost per ton milled (1)	US\$ 15.51	US\$ 23.63	US\$ 21.52	US\$ 24.49
Cash cost per ounce produced (1)	US\$ 214	US\$ 290	US\$ 297	US\$ 473

Notes:

- (1) Exclusive of resource taxes and depreciation.

	Six Months Ended December 31, 1985	Six Months Ended June 28, 1985	Year Ended December 31,	
			1984	1983
		(thousands)		
Bullion production revenue	\$ 22,782	(1)	(1)	(1)
Operating cash costs exclusive of interest and depreciation	15,343	16,397	30,444	20,897
Royalties and resource taxes	293	-	-	-
Development and capital expenditures	3,439	161	4,277	75,980
Net cash flow (2)	3,707	(1)	(1)	(1)

Notes:

- (1) The majority of the gold produced at the Mercur Mine during 1983, 1984 and to June 28, 1985 was purchased by Texaco International Financial Corporation concurrently with the acquisition by Barrick of the shares of Barrick Mercur.
- (2) After development and capital expenditures, royalties and resource taxes, but before debt service.

Royalties

Production from the Mercur Mine is subject to a number of royalties, including certain net profits interests in the Mercur Hill and Golden Gate deposits and one-half of the Marion Hill deposits requiring payments, at an aggregate rate (excluding the Gold Standard Inc. ("GSI") royalty described below) of approximately 7.8%. The Sacramento deposit and the remaining one-half of the Marion Hill deposit are subject to a sliding scale royalty varying between 5% of the return on each ton of ore mined when the net value of the ore mined is US\$15 per ton or less up to 20% when the net value of ore mined is US\$70 per ton or more.

Under an operating agreement between Barrick Mercur and GSI, GSI is entitled to a 15% net profits royalty in the Mercur Mine, subject to a minimum of US\$75,000 per year, following full capital recapture by Barrick Mercur.

As described under "Description of the Mine" above, Texaco Inc. is entitled to receive a production payment from time to time of up to an aggregate of US\$ 9 million.

Capital Expenditures

The following table summarizes development and capital expenditures at the Mercur Mine:

<u>Area of Expense</u>	<u>Six Months Ended December 31, 1985</u>	<u>Six Months Ended June 28, 1985</u>	<u>Year Ended December 31,</u>	
			<u>1984</u>	<u>1983</u>
			(thousands)	
Mill capacity expansion	\$ 453	\$ -	\$ 2,371	\$ 65,103
Tailings impoundment	545	-	52	10,761
Mine site sustaining capital allowance	806	76	1,854	116
Heap leach test	<u>1,635</u>	<u>85</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,439</u>	<u>\$ 161</u>	<u>\$ 4,277</u>	<u>\$ 75,980</u>

The Camflo Gold Mine

Description of the Mine

Barrick Minerals (Canada) Inc. ("Barrick Minerals"), a wholly-owned subsidiary of Barrick, owns and operates the Camflo Mine, an underground gold mine located between the towns of Malartic and Val d'Or, Quebec which has been in continuous production since 1965 and employs approximately 180 full-time, non-unionized employees. The Camflo Mine consists of 683 acres which are held by way of a mining lease, a mining concession and 11 mining claims. Access to the mine is by way of an all-weather gravel road which connects to a paved provincial highway approximately 2 miles south of the mine site.

The Camflo Mine is operated using both the open long hole stope and rib and pillar mining methods. This is made possible by the strength and competency of the rock formation. The Camflo mill has a capacity of 1,300 tons of ore per day.

At a depth beginning below the 2,100 foot level, the main ore body at the Camflo Mine extends onto the property of Malartic Hygrade Gold Mines (Canada) Ltd. ("Malartic Hygrade") which is immediately north of the Camflo Mine property. The ore structure is known to continue to below the 3,300 foot level where deeper exploration is now in progress. In mid 1985 the shaft was deepened to 4,056 feet and as a result new levels are available for exploration. Pursuant to an agreement (the "Malartic Hygrade Agreement") dated May 28, 1980 between Malartic Hygrade and Barrick, Barrick mines the Malartic Hygrade ore body and processes the ore in the Camflo Mine mill. In consideration for this, Barrick is entitled to receive 40% of profits (as defined in the Malartic Hygrade Agreement) derived from this operation. This Malartic Hygrade Agreement continues for an indefinite term, subject to termination by either party under certain circumstances. Malartic may terminate the agreement on 12 months notice to Barrick based, among other things, upon any unrectified default by Barrick or unrectified practice which is independently determined to be detrimental to Malartic, contrary to good mining practice or abusive of the intent of the established plan of operation.

Reference is made to "Camflo Gold Purchase Agreements" below for details of certain material agreements entered into by Barrick Minerals in connection with the Camflo Mine.

Ore Reserves

The following table sets forth Management's estimates of the proven and probable reserves at the Camflo Mine as at December 31, 1985, as well as the average grade for each category of reserve, based upon a gold price of US\$325.

Proven and probable ore reserves of the Camflo Mine as at December 31, 1985 are:

Reserves	
Proven (tons)	1,072,000
Grade (ounces per ton)	0.101
Probable (tons)	278,000
Grade (ounces per ton)	<u>0.098</u>
Proven and Probable (tons)	1,350,000
Grade (ounces per ton)	0.10

In March 1986 the ore reserves on the Malartic Hygrade property as at December 31, 1985 were compiled by the Malartic Hygrade technical staff using all of the information available at that time, including data available from sub-drifting and development. This internal calculation is carried out annually. Malartic Hygrade reported that proven and probable ore reserves at December 31, 1985 were approximately 824,000 tons at a grade of 0.114 ounces of gold per ton. Additional gold mineralization has been demonstrated to exist by drill holes below the 3,300 foot level and development is now underway to delineate reserves.

Operating and Financial Information

The following table summarizes certain gold production and other operating information for the Camflo Mine (including production of Malartic Hygrade ore), in which Barrick acquired its interest on July 14, 1984, for the periods indicated:

	Year ended December 31,				
	1985	1984	1983	1982	1981
Tons of ore milled					
Camflo	265,638	271,239	251,942	317,437	413,131
Malartic Hygrade	<u>206,965</u>	<u>204,614</u>	<u>214,447</u>	<u>146,048</u>	<u>49,869</u>
Total (Gross) (1)	<u>472,603</u>	<u>475,853</u>	<u>466,389</u>	<u>463,485</u>	<u>463,000</u>
Total (Net) (2)	<u>348,424</u>	<u>353,085</u>	<u>337,721</u>	<u>375,856</u>	<u>433,079</u>
Average millhead grade (ounces per ton) (2)	0.106	0.112	0.155	0.182	0.109
Mill recovery rate (%) (2)	93.9	94.1	95.5	95.4	94.9
Ounces of gold produced					
(Gross) (1)	51,630	54,328	77,936	92,696	51,615
(Net) (2)	<u>34,637</u>	<u>37,100</u>	<u>49,840</u>	<u>65,234</u>	<u>44,788</u>
Distributable under Camflo Gold Purchase Agreement (ounces)	8,282	-	-	-	-
Cash cost per ton milled (2,3)	\$ 29.05	\$ 27.69	\$ 26.73	\$ 23.67	\$ 19.78
Cash cost per ounce produced (2,3)	US\$ 214	US\$ 204	US\$ 147	US\$ 111	US\$ 160

Notes:

- (1) Camflo Mine production plus 100% of Malartic Hygrade production.
- (2) Camflo Mine production plus 40% of Malartic Hygrade production.
- (3) Exclusive of resource taxes and depreciation.

The following table sets forth certain selected and segregated financial information pertaining to the Camflo Mine, including 40% of Malartic Hygrade production, for the periods indicated:

	Year ended December 31,				
	1985	1984	1983 (thousands)	1982	1981
Bullion production revenue	\$15,037	\$17,189	\$25,915	\$29,637	\$24,578
Operating costs exclusive of depreciation	10,122	9,776	9,026	8,897	8,566
Resource taxes	457	863	2,427	3,775	2,737
Development and capital expenditures	543	570	619	214	307
Net cash flow (1)	3,915	5,980	13,843	16,751	12,968

Note:

- (1) After deducting development and capital expenditures and resource taxes and before distributions under the Camflo Gold Purchase Agreement.

Camflo Gold Purchase Agreements

In late 1984, a limited partnership called Gold Company of America (the "Partnership") was formed to raise funds from the public in the United States and elsewhere to purchase gold to be delivered in the future from the Camflo Mine. The Partnership entered into two agreements each providing for the sale of a specified number of ounces of gold from Barrick Minerals. The purchase price for gold under each of these two agreements (the "Camflo Gold Purchase Agreement" and the "Camflo Gold Acquisition Agreement") was US\$20 million (for a total purchase price of approximately US\$40 million), which amounts were paid to Barrick Minerals early in 1985.

The Camflo Gold Purchase Agreement provides for the sale of 69,287 ounces of gold. A portion of the number of ounces of gold deliverable will be delivered each month over a period of years in accordance with an agreed upon formula based upon (i) the prevailing monthly price of gold during the second month prior to delivery and (ii) the purchase price for the gold. Assuming an escalation of 4% per annum in the price per ounce of gold, commencing with a price of US\$304 in January 1985, deliveries are expected to take approximately eight years. No deferral and accrual of Barrick Minerals' obligation to deliver gold under this agreement is permitted. To date, Barrick Minerals has delivered a total of 11,826 ounces of gold in accordance with the Camflo Gold Purchase Agreement.

Barrick Minerals also entered into the Camflo Gold Acquisition Agreement to sell 326,438 additional ounces of gold to the Partnership. Deliveries under this agreement will commence upon completion of the deliveries required under the Camflo Gold Purchase Agreement. Deliveries under this agreement will take place on the basis of the same formula as applies under the Camflo Gold Purchase Agreement. Deliveries under this agreement will be permitted to be deferred and accrued under certain circumstances which essentially relate to operations being uneconomic. The Camflo Gold Acquisition Agreement contains an option by which the Partnership may elect, in return for a payment of 3% of the purchase price under that agreement, to convert its rights under that agreement to a royalty interest which would entitle the Partnership to receive gold (at the same rate of delivery) as long as the Camflo Mine is in operation.

As security for the performance by Barrick Minerals of its obligations under these agreements, Barrick Minerals has created a security interest in favour of the Partnership under two collateral security agreements (the "Security Agreements"). The Security Agreements provide for a security interest in the real and personal property of Barrick Minerals relating to the Camflo Mine. The security interests do not attach to the Malartic Hygrade Agreement nor to any asset of Malartic Hygrade.

The Renabie Gold Mine

Description of the Mine

Renabie Gold Mines Limited ("Renabie") operates the Renabie Mine, an underground gold mine consisting of mining properties and facilities in Leeson, Bracken, Rennie and Stover Townships in the Sudbury Mining District near Missanabie, Ontario. The mining properties comprise approximately 1,300 acres held by way of 29 patented and 14 unpatented mining claims. The Renabie Mine employs approximately 180 non-unionized employees. Access to the mine is by way of an all-weather gravel road connecting to a paved provincial highway approximately seven miles from the mine site.

Barrick has a 50% direct and indirect interest in the Renabie Mine with the remaining 50% being owned indirectly by Cullaton Lakes Gold Mines Limited ("Cullaton"), a wholly-owned subsidiary of Royex Gold Mining Corporation ("Royex"), a Canadian public company. The Renabie Mine is managed by Royex.

Production of ore from the Renabie Mine commenced in 1947 and has continued from time to time since that date. Production most recently resumed in January 1982 after extensive renovative work involving expenditures of approximately \$15 million and has continued to date.

Barrick, Cullaton and Renabie are parties to a unanimous shareholder agreement governing the shares and operations of Renabie (the "Shareholder Agreement"). The Shareholder Agreement provides, among other things, that Cullaton may, at any time after December 31, 1985, require Barrick to purchase all of Cullaton's interest in Renabie at a stipulated price or, at Barrick's option, to sell to Cullaton all of Barrick's interest in Renabie. Barrick has a similar right to require Cullaton to either purchase all of Barrick's interest in Renabie or, at Cullaton's option, to sell to Barrick all of Cullaton's interest in Renabie.

Under the mine management agreement for the Renabie mine, Cullaton and Barrick jointly granted to the manager of the Renabie mine the option, exercisable until January 1, 1989, to purchase 10% of the outstanding shares of Renabie (5% from the holdings of each of Barrick and Cullaton) for an aggregate consideration of \$2.32 million.

Ore Reserves

The following table sets forth Renabie's estimates of the proven and probable, and possible reserves at the Renabie Mine as at December 31, 1985, as well as the average grade for each category of reserve, based upon a gold price of US\$325. While management has estimated the reserves using a 20% dilution factor, experience to date has indicated this allowance to be very conservative.

Proven and probable ore reserves of the Renabie Mine as at December 31, 1985 are:

	Reserves
Proven and probable (tons)	858,479
Grade (ounces per ton)	0.214

Operating and Financial Information

The following table summarizes certain gold production and other operating information for the Renabie Mine (in which Barrick acquired a 50% interest in October 1983) for the periods indicated.

	Year ended December 31,			
	1985	1984	1983	1982
Tons of ore milled	154,814	121,802	183,450	157,200
Average millhead grade (ounces per ton)	0.206	0.144	0.143	0.172
Mill recovery rate (%)	93.2	92.3	92.3	83.9
Ounces of gold produced	29,717	16,195	24,222	22,698
Distributable to The Renabie				
Gold Trust (ounces) (1)	2,700	2,700	-	-
Cash cost per ton milled (2)	\$ 66.20	\$ 65.93	64.71	\$ 71.70
Cash cost per ounce produced (2)	US\$ 253	US\$ 383	US\$ 398	US\$ 402

Notes:

- (1) A minimum of 1,350 ounces of gold must be delivered for each of the six month periods ending June 30, 1986 and December 31, 1986.
- (2) Exclusive of interest expense, management fee, resource taxes and depreciation.

The following table sets forth certain selected and segregated financial information pertaining to the Renabie Mine for the periods indicated.

	Year ended December 31,			
	1985	1984	1983	1982
	(thousands)			
Bullion production revenue	\$13,155	\$ 7,780	\$13,343	\$ 9,983
Operating costs exclusive of interest, management fee and depreciation	10,249	8,030	11,870	11,271
Unfunded development and capital expenditures (1)	-	18	1,794	2,558
Net cash flow (2)	2,906	(268)	(321)	(3,846)

Notes:

- (1) Since February 1984 a total of approximately \$14.5 million in development and capital expenditures has been funded from the proceeds of the offering of units of The Renabie Gold Trust (see "Expansion of the Mine").
- (2) After unfunded development and capital expenditures, but before management fee and debt service.

Expansion of the Mine

In February 1984 net proceeds of approximately \$15 million were raised from a public offering in Canada and Europe of units of The Barrick-Cullaton Gold Trust (the "Gold Trust") for the purpose of financing an expansion plan for the Renabie Mine. In return for the proceeds of the offering, the Gold Trust acquired, pursuant to an agreement between Renabie and the Gold Trust (the "Gold Acquisition Agreement"), a percentage interest in future gold production from the Renabie Mine. The Gold Trust is entitled to receive a percentage of the gold produced at the Renabie Mine varying from 3% when the price of gold is below US\$400 per ounce to 10% when the price of gold equals or exceeds US\$1,000 per ounce, originally subject to a minimum of 1,350 ounces during each six-month period to December 31, 1985 provided that there was sufficient production at the mine. As security for the performance of its obligations under the Gold Acquisition Agreement, Renabie granted to the Gold Trust a debenture secured by a mortgage on the Renabie Mine and by a floating charge on any other assets of Renabie. Since the Gold Trust was formed, 5,901 ounces of gold (in the form of gold certificates) have been delivered to unitholders.

With the approval of holders of units of the Gold Trust, the name of the Gold Trust was recently changed from the Barrick-Cullaton Gold Trust to The Renabie Gold Trust and a new expansion plan for the Renabie Mine was adopted. The new plan is based upon information which has been acquired by Renabie in the course of the exploration and development program which has been carried out at the mine since the formation of the Gold Trust. In general terms, the new plan calls for a reduction in the previously targeted annual rate of gold production of approximately 60,000 ounces to an initial revised target of approximately 40,000 ounces and a reduction in the previously planned milling capacity from 850 tons per day to 700 tons per day, in both cases subject to upward readjustment in certain circumstances. Renabie will continue to carry on an exploration and development program with a view to attempting to establish the existence of ore reserves which would justify ultimate expansion of the production level beyond 40,000 ounces of gold per year and, if feasible, to 60,000 ounces per year. Renabie recently submitted a preliminary feasibility report to the Trustee of the Gold Trust which indicates that it is not feasible at the present time to increase production targets at the mine.

In consideration of the adoption of the new expansion plan and the amendment of the Gold Acquisition Agreement, Renabie agreed to extend, from December 31, 1985 to December 31, 1986, the period for which the Gold Trust is entitled to receive a minimum number of ounces of gold out of Renabie's production. In the event of any shortfall in Renabie's production in such periods, the minimum entitlement of the Gold Trust will be made up out of Renabie's production in the periods immediately following. Renabie has also agreed to the removal of certain provisions of the Gold Acquisition Agreement whereby, in certain circumstances, the Gold Trust was limited to sharing in a maximum of 70,000 ounces of gold production per year.

The units of the Gold Trust are currently listed and posted for trading on The Toronto Stock Exchange and application has been filed to list the units on NASDAQ.

The Pinson Gold Mine

Description of the Mine

Barrick, through a wholly-owned subsidiary, owns a 26.25% interest in the Pinson Mining Company ("Pinson"). Barrick acquired an 11.5% indirect interest in Pinson, through an affiliate of Camflo, on the amalgamation with Camflo on July 14, 1984 and subsequently increased its interest to 26.25% on December 30, 1985. Pinson is a partnership which operates the Pinson Mine and the Preble deposit in north central Nevada. The partnership lands consist of 12,500 acres held by way of patents, leases and fee simple grants. Other principal partners in Pinson are Rayrock Mines Inc. ("Rayrock") and Lacana Mining Inc., which own 26.5% and 26.25% interests, respectively.

The Pinson Mine is an open pit mine which is situated approximately 200 miles northeast of Reno, Nevada. The nearest community and one from which the mine draws its labour force is Winnemucca, which is 25 miles away. Access to the Pinson Mine is by a 20-mile all-weather gravel road which connects to a paved highway. Pinson currently employs approximately 135 non-unionized employees. Production at the Pinson Mine comprises gold recovered from milling and from a heap leaching process.

The Pinson Mine has produced gold continuously since March 1981 and is currently milling at the rate of approximately 1,500 tons per day. The Pinson mine has been operated by Rayrock since it commenced production in 1981.

Ore is mined at an average rate of approximately 2,100 tons per weekday. The operation has a proven capacity to mine 5.8 million tons of rock annually which is in keeping with its stripping ratio requirements. Since a portion of the stripped waste contains gold mineralization from which gold recovery is economically justified, this material is heap leached. The grade of the leach material is about 0.025 ounces of gold per ton and extraction recoveries have averaged 72% to date. Heap leaching started at the Pinson Mine on a full scale basis in 1983. A major new ore body, the "Mag Zone", has been delineated in 1985. It is located immediately to the north of the Pinson mill.

The Preble deposit is located approximately 15 miles to the south of the Pinson Mine. Most of the ore will be heap leached and a small high grade portion will be milled at Pinson. Heap leaching of Preble ore began in October 1984 and has since continued on a seasonal basis, shutting down for the winter months. While production is seasonal, an average annual amount of approximately 350,000 tons per year will be treated.

Ore Reserves

The following table sets forth management's estimates of the proven and probable and sub-ore reserves at the Pinson mine as at December 31, 1985, as well as the average grade for each category of reserve, based on a gold price of US\$325.

	Reserves	
	Mill Ore	Heap Leach Sub-Ore
Pinson		
Proven and Probable (tons)	4,835,000	
Grade (ounces per ton)	0.086	
Preble		
Proven and Probable (tons)	80,000	1,385,000
Grade (ounces per ton)	0.242	0.054
Proven and Probable (tons)	4,915,000	1,385,000
Grade (ounces per ton)	0.089	0.054
Pinson		
Sub-Ore (tons)		1,664,000
Grade (ounces per ton)		0.027

Operating and Financial Information

The following table summarizes certain gold production and other operating information for the Pinson Mine, including the Preble deposit, for the periods indicated:

	Year ended December 31,				
	1985	1984	1983	1982	1981
Tons of ore milled	535,620	520,825	526,186	496,771	365,819
Average millhead grade (ounces per ton)	0.104	0.111	0.106	0.150	0.195
Mill recovery rate (%)	83.6	85.0	86.3	86.8	85.9
Ounces of gold produced					
Milled ore	46,551	49,112	48,139	64,653	61,298
Heap leached material	25,800	16,604	8,535	-	-
Total ounces produced	72,351	65,716	56,674	64,653	61,298
Cash cost per ton milled (1)	US\$17.23	US\$18.95	US\$17.03	US\$18.83	US\$23.07
Cash cost per ounce produced (1)					
Milled Ore	US\$ 198	US\$ 201	US\$ 186	US\$ 145	US\$ 138
Heap leached material	US\$ 116	US\$ 94	US\$ 151	-	-
Average cash cost per ounce produced	US\$ 169	US\$ 174	US\$ 181	US\$ 145	US\$ 138

Notes:

- (1) Exclusive of resource taxes and depreciation.

The following table sets forth certain selected and segregated financial information pertaining to the Pinson Mine for the periods indicated:

	Year ended December 31,				
	1985	1984	1983	1982	1981
Bullion production revenue	\$31,735	\$30,169	\$29,266	\$29,929	\$29,727
Operating costs exclusive of interest and depreciation	16,676	14,797	12,633	11,544	10,120
Royalties and resource taxes	935	886	869	1,170	1,150
Exploration, development and capital expenditures	2,748	4,366	3,048	3,741	2,374
Net cash flow (1)	11,376	10,120	12,716	13,474	16,083

Note:

- (1) After exploration, development and capital expenditures, royalties and resource taxes but before debt service.

The Valdez Creek Gold Mine

Barrick is a 23.125% participant in a joint venture (the "Valdez Joint Venture") formed in September 1983 to explore certain gold placer mining claims in Valdez Creek, Alaska (approximately 150 miles northeast of Anchorage). Other joint venturers are Camindex Resources Inc., and SUM Resources Inc. The Valdez Joint Venture properties currently consist of 366 mining claims (14 of which are held under options) covering approximately 6,300 acres. A graded dirt road connects the Valdez Creek district with the largely gravel-surfaced Denali Highway five miles to the south. A state airstrip also allows access to the area via light aircraft.

Ore Reserves

The following table sets forth Management's estimates of the proven and probable, and possible and inferred reserves at the Valdez Creek Mine as at December 31, 1985, as well as the average grade for each category of reserve, based upon a gold price of US\$325.

Proven and probable ore reserves of the Valdez Creek Mine as at December 31, 1985 are:

	Reserves
Proven and Probable (cubic yards)	1,207,000
Grade (ounces per cubic yard)	0.083

Initial stripping of the overlying glacial till commenced in May, 1984 and the washing, screening and sluicing operations of the gold-bearing placer gravel were commissioned in early July 1984. During the period July 1, 1984 to October 1984 some 19,800 ounces of raw gold (0.852 fineness) were recovered for a production of 16,784 ounces of fine gold. Gold production recommenced in mid-June 1985 and production ceased due to freeze up on October 21, 1985. During 1985, 29,833 raw ounces of gold were recovered for a total production of 25,418 ounces of fine gold. In addition 14,183 yards with an average grade of 0.188 ounces of gold per yard remain in stock-piles adjacent to the wash plant.

The 1986 operating budget proposes the treatment of 174,000 cubic yards of gravel with a grade of 0.264 ounces of gold per cubic yard. Road building and waste stripping commenced in March 1986 and production of gold will begin in June.

The 1985 exploration program was successful in increasing the ore reserves and this program will be continued in 1986.

Gold Exploration and Development

In addition to exploration and development work carried on in connection with its producing mines as described above, Barrick is engaged in exploration and development of other gold properties in North America. Barrick anticipates spending approximately \$10 million on gold exploration and development during 1986 primarily in respect of its interest in the McDermott Project in Ontario.

The McDermott Project

During the last four years, Barrick optioned eight properties and staked three separate claim blocks covering a total of approximately 4,300 acres in Harker and Holloway Townships located about 30 miles north of Kirkland Lake, Ontario. The properties cover a strike length of known gold mineralization for a distance of 25,000 feet. Access to the project is by way of an all-weather, half-mile long gravel road which connects to a paved highway.

To date a total of 206,661 feet of drilling (totalling 257 diamond drill holes) has been completed on the properties, the majority of which was carried out on the McDermott property. Barrick has a 100% working interest in the McDermott property, subject to net profits interests of up to 15%. Work is currently underway on the remaining properties in which Barrick can earn varying interests.

Based on a cut-off grade of 0.10 ounces of gold per ton over a mining width of 6 feet, Barrick has estimated the undiluted reserves in the McDermott property at December 31, 1985 of 1,938,071 tons of probable ore at an average grade of 0.198 ounces of gold per ton and 903,523 tons of possible ore at an average grade of 0.196 ounces of gold per ton. Included in the above reserves is a high grade core of 1,566,000 tons, grading 0.263 ounces of gold per ton, using a cut-off grade of 0.15 ounces of gold per ton.

An exploration shaft on the McDermott option was collared in October 1985 and is expected to be completed by September 1986. Barrick anticipates that sufficient information will be available by late 1986 to make a decision regarding production.

Battle Mountain Exploration Project

In February 1986, Barrick optioned from Frank W. Lewis a two-thirds interest in a 5,200 acre claim group directly adjoining the Fortitude pit of Battle Mountain Gold Co. in Nevada. The Battle Mountain Mine is one of the largest open pit gold mines in the United States and currently produces approximately 225,000 ounces of gold annually. Barrick's joint venture, known as the Frank W. Lewis Project, contains the northern extensions of several of the main ore-related structures which occur in the Battle Mountain mine. A limited amount of exploration by previous operators has indicated some near surface silver and gold mineralization, however, Barrick will focus on the possible extension at depth of the Fortitude structures which are undrilled and which are expected to extend onto the Lewis property. Following a compilation of previous work, supplemented by geophysical and geochemical surveys, a 1986 program consisting of at least 20,000 feet of reverse circulation drilling has been started.

Coal Mining

Barrick, through its wholly-owned subsidiary Muskingum Mining Incorporated ("Muskingum"), owns and operates the Muskingum and Crown City open pit coal mines in Ohio. The Muskingum Mine sells its coal production, under a long term coal supply contract, to Columbus and Southern Ohio Electric Company ("CSOEC"). Under the terms of this contract, CSOEC is committed to purchase from the Muskingum Mine a minimum of 708,000 tons of coal per year at a current price of US\$32.80 per ton, subject to escalations and adjustments for coal quality, until December 31, 1992. In 1985, 659,313 tons of coal were sold pursuant to this contract at an operating cost, exclusive of depreciation, of US\$24.08 per ton. A royalty of US\$3.81 per ton is payable to New York Life Company on coal mined from the Muskingum Mine.

The Crown City Mine has an agreement whereby Ohio Power Company is committed to purchase a minimum of 475,000 washed tons of coal per year from the Crown City Mine at a current price of US\$39.40 per ton, subject to escalations and adjustments for coal quality, until June 30, 1990. In 1985, 437,874 tons of coal were sold pursuant to this agreement at an operating cost, exclusive of depreciation, of US\$32.25.

Government Controls and Regulations

Barrick's principal business activities are gold mining and gold exploration in Canada and the United States. This area of business is subject to various levels of extensive government controls and regulations which are amended from time to time. Current legislation is a matter of public record and Barrick is unable to predict what additional legislation or amendments may be proposed that affect its business or when any such proposals, if enacted, might become effective.

Outlined below are some of the more significant aspects of government controls and regulations which materially affect Barrick's principal area of business. The following is intended as a summary only and is subject to the express provisions of the statutes, regulations and agreements in question.

Canada

The gold exploration and mining industry in Canada operates under both federal and provincial legislation governing exploration, development and production. Such legislation relates to the method acquisition and ownership of mineral rights, labour, health and safety standards, royalties, mining and income taxes, exports and other matters.

The mining industry in Canada is also subject to legislation at both the federal and provincial levels concerned with the protection of the environment. In particular, such legislation imposes high standards on the mining industry to reduce or eliminate the effects of wastes generated by extraction and processing operations and subsequently emitted into the air or water. Accordingly, the design of mines and mills and the conduct of overall extraction and processing operations is subject to the restrictions contained in such legislation. In addition, the construction, development and operation of a mine, mill and refinery typically entail compliance with applicable environmental legislation and/or review processes and the obtaining of land use and other permits, water licences and similar authorizations from various governmental agencies. In particular, legislation is in place for lands under federal jurisdiction or located in certain provinces which provides for the preparation of costly environmental impact assessment reports prior to the commencement of any mining operations. These reports entail a detailed technical and scientific assessment as well as a prediction of the impact on the environment of proposed development.

Failure to comply with the legislation referred to above may result in orders being issued thereunder which may cause operations to cease or be curtailed or may require installation of additional equipment. Violators may be required to compensate those suffering loss or damage by reason of its mining activities and may be fined if convicted of an offence under such legislation.

United States

Legislation and implementing regulations adopted or proposed by the United States Environmental Protection Agency ("EPA"), the Office of Surface Mining and by comparable agencies in various states directly and indirectly affect the mining industry in the United States. These environmental agencies have legislatively expressed a concern for potential contamination of soil and water from tailings discharges and other wastes generated by mining companies. In particular, legislation such as the Federal Water Pollution Act of 1977, the Clean Air Act, the Solid Waste Disposal Act Amendments of 1980, and the Comprehensive, Environmental Response, Compensation and Liability Act of 1980, impose high toxic effluent standards, new source performance standards, air quality and concentration standards for specific contaminants of mining and dressing including gold ore mining.

Compliance with these standards and similar state regulations may necessitate additional control measures at existing gold mines and mills in which Barrick has an interest and substantial prophylactic measures regarding operation of new mines and mills.

Further, mine operators must comply with the Federal Mine Safety and Health Act of 1977, as amended, which is enforced by the Mining Safety and Health Administration ("MSHA"), an agency within the Department of Labor. All mines, both underground and surface, are subject to inspections by MSHA. The Occupational Safety and Health Administration ("OSHA") also has jurisdiction over safety and health standards not covered by the Federal Mine Safety and Health Act, although there are areas where the authority of both administrative agencies overlap.

Item 2. Description of Property

Information as to Barrick's properties is set forth in Item 1.

Item 3 Legal Proceedings

There are no material pending proceedings, to which Barrick or any of its subsidiaries is a party.

Item 4. Control of Registrant

Barrick is 21.9% owned by Horsham Securities Limited. Barrick disclaims that it is directly or indirectly owned or controlled by another corporation or by any government.

The following table sets forth certain information, as at May 31, 1986 with respect to any person who is known to Barrick to be the owner of more than 10% of any class of Barrick's voting securities and the total amount of any class of Barrick's voting securities owned by the officers and directors of Barrick as a group:

<u>Title of Class</u>	<u>Identity of Person or Group</u>	<u>Amount Owned</u>	<u>Percent of Class</u>
Common shares	Horsham Securities Limited	4,377,388 shares	21.9%
Common shares	Directors and Officers	5,163,268 (1) shares	25.8%

(1) Includes shares owned by Horsham Securities Limited.

Horsham Securities Limited ("Horsham") is a private investment company formed under the laws of the Province of Ontario. The significant shareholders are as follows:

	<u>Votes</u>	<u>Equity</u>
Common Shares		
Peter Munk	50.4%	22.2%
Class A Special Shares		
D. Gilmour	12.3%	22.7%
C.W.D. Birchall	3.1%	5.7%
Triad International Corp.	24.0%	44.1%
Elk International Corp.	2.6%	4.9%

Horsham has granted options on 38,380 of its Barrick common shares to third parties at prices ranging from \$9.50 to \$10.50.

Except as aforesaid, there are no arrangements known to Barrick the operation of which may at a subsequent date result in a change of control of Barrick.

Item 5. Nature of Trading Market

Barrick common shares were first included on the NASDAQ System in the United States in February 1985. The principal non-United States trading market for the common shares of Barrick is The Toronto Stock Exchange. The common shares of Barrick are also traded on the Montreal Exchange and on the Paris Bourse.

The following tables set forth the high and low sales prices over the periods indicated as reported by The Toronto Stock Exchange and NASDAQ System for common shares of Barrick and for common shares of Predecessors Barrick and Camflo.

Common Shares of Barrick

Period	Toronto Stock Exchange (Canadian Dollars)		NASDAQ (United States Dollar)	
	High	Low	High	Low
1984				
July 16-31	\$ 1.90	\$ 1.50	-	-
August	1.80	1.57	-	-
September	1.85	1.55	-	-
Quarter ended Dec. 31, 1984	2.14	1.49	-	-
1985				
Quarter ended March 31, 1985	1.60	1.23	\$ 1.12	\$ 0.87
Quarter ended June 31, 1985	1.51	1.25	1.06	.88
Quarter ended September 30, 1985	2.03	1.28	1-5/8	13/16
Period Oct. 1 to Dec. 12, 1985	2.01	1.50	1-1/2	1-1/8
Period Dec. 13 to Dec. 31, 1985 (1)	9-4/8	7-6/8	6-3/4	5-3/8
1986				
Quarter ended March 31, 1986	10-6/8	9	7-5/8	6-3/8
April	13-7/8	9-4/8	10-1/8	6-7/8
May	13-6/8	12-6/8	10	9-3/8

- (1) Shares commenced trading on a consolidated basis (one for five) on December 13, 1985.

Common Shares of Predecessor Barrick

<u>Period</u>		<u>High</u>	<u>Low</u>
July 1, 1984 -	July 13, 1984	\$ 2.05	\$ 1.80
Quarter ended	June 30, 1984	1.97	1.72
Quarter ended	March 31, 1984	1.99	1.75

Common Shares of Predecessor Camflo (1)

<u>Period</u>		<u>High</u>	<u>Low</u>
July 1, 1984 -	July 13, 1984	\$12-7/8	\$11-3/4
Quarter ended	June 30, 1984	12-1/2	9-1/2
Quarter ended	March 31, 1984	13-3/4	9

- (1) Effective July 14, 1984, each common share of Camflo was exchanged for seven common shares of Barrick.

As at May 31, 1986 common shares of Barrick were registered in the names of approximately 3,341 shareholders with United States addresses. Such shareholders held, of record, 7,201,601 common shares of Barrick, representing approximately 36% of the outstanding common shares of Barrick. Barrick has no way of knowing the number of beneficial owners of its common shares which are held by United States broker nominees.

Item 6. Exchange Controls and Other Limitations
 Affecting Security Holders

Except as set out below, Barrick is not aware of any material governmental laws, decrees or regulations in Canada that restrict the export or import of capital, including, but not limited to, foreign exchange controls, or controls that affect the remittance of dividends (except to the extent referred to in item 7), interest or other payments to non-resident owners of Barrick's securities. Barrick is also not aware of any limitations imposed by Canadian law or by the charter or other constituent documents of Barrick which limit the right of non-resident or foreign owners of Barrick common shares to hold or vote such shares.

The Investment Canada Act (Canada) (the "Act") restricts in certain circumstances the acquisition of control of Canadian business enterprises by non-Canadian individuals, corporations, governments or groups containing foreign members (collectively "non-Canadian") (i) through the acquisition of shares or property used in carrying on the business and (ii) through the establishment of a new business in Canada either by non-Canadian persons who do not already have an existing business in Canada where the new business or expansion is unrelated to the existing business. The Act provides for a mechanism whereby these forms of foreign investment are subject to review by a governmental agency known as "Investment Canada" in order to establish whether a proposed investment is of "net benefit to Canada". The Act does not apply to purchases of shares or other securities where such purchases do not involve the acquisition of control. However, there is a rebuttable presumption under the Act that control has been acquired if the acquisition involves one-third or more of the voting rights attaching to all voting securities of a public company such as Barrick. Accordingly any person seeking to acquire one-third or more of the voting securities of Barrick should consult an appropriate legal advisor.

Item 7. Taxation

The Income Tax Act (Canada) (the "Act") imposes a tax of 25% on non-residents of Canada who receive dividends from corporations resident in Canada, which tax is required to be withheld by the corporation at the time the dividend is paid. Generally, the Canada-United States Income Tax Convention (the "Convention") (which entered into force on October 1, 1984 for tax withheld at source on dividends) reduces the rate of tax on dividends to 15%. The Convention further reduces the rate of tax on dividends to 10% if the dividend is paid to a United States corporation which beneficially owns at least 10% of the voting shares of the corporation resident in Canada. Therefore, except where the shareholder is a United States corporation holding 10% or more of the voting shares of Barrick, dividends paid by Barrick to residents of the United States will be subject to a withholding tax of 15%.

Item 8. Selected Financial Data

The following table sets forth certain selected financial data with respect to Barrick for the periods indicated. Reference is made to the Consolidated Financial Statements of Barrick contained herein for a discussion of business acquisitions and mergers.

	Year ended December 31,				
	<u>1985</u>	<u>1984</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>
	(thousands of dollars, except per share data)				
Revenue	\$48,518	\$13,783	\$1,672	\$ -	\$ -
Interest and other income	6,704	2,600	280	161	908
Income (loss) from continuing operations	3,819	(5,677)	(4,421)	(710)	(911)
Income (loss) per share	0.21	(0.38)	(0.45)	(0.10)	(0.20)
Total assets	206,826	219,002	52,540	24,819	20,517
Long-term debt and other long-term liabilities	12,503	53,928	3,617	3,049	-
Redeemable preferred shares	2,946	3,017	3,186	-	-

Reference is made to Note 21 to the Consolidated Financial Statements of Barrick for differences between Canadian and United States generally accepted accounting principles. The effect of the changes on the financial information set forth above would be as follows:

	Year ended December 31,				
	<u>1985</u>	<u>1984</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>
	(thousands of dollars, except per share data)				
(Loss) from continuing operations	\$(24,743)	\$(17,876)	\$(4,375)	\$(2,296)	\$ (911)
(Loss) per share	(1.30)	(1.17)	(0.45)	(0.30)	(0.20)
Total assets	199,283	208,165	50,363	23,233	20,517

Note:

The amalgamation which formed Barrick has been treated for accounting purposes as a purchase by Predecessor Barrick effective July 14, 1984 of Camflo and Bob-Clare and accordingly the foregoing table does not reflect financial data pertaining to Camflo and Bob-Clare prior to the date of purchase.

The following table sets forth certain selected financial data with respect to Camflo for the periods indicated.

	Six months ended June 30, 1984	Year ended December 31,				
		1983	1982	1981	1980	1979
		(thousands of dollars, except per share data)				
Revenues						
Gold	\$ 9,001	\$ 23,408	\$ 29,987	\$ 24,578	\$ 37,253	\$24,698
Oil and gas	5,460	9,721	10,379	8,889	5,087	3,685
Interest and other income	1,385	951	1,555	5,298	3,102	1,039
Income (loss) from continuing operations	361	2,606	2,025	(10,325)	15,859	12,505
Net income (loss) per share	0.10	1.63	0.55	(12.06)	3.10	2.82
Total assets	110,522	111,084	108,777	108,168	104,804	68,932
Long-term liabilities	50,369	82,849	81,121	81,340	38,842	14,719

The effect of the changes on the financial information set forth in the previous table caused by differences between Canadian and United States generally accepted accounting principles is as follows:

Six months ended June 30, 1984	Year ended December 31,				
	1983	1982	1981	1980	1979
	(thousands of dollars, except per share data)				
\$ 968	\$ (473)	\$ 1,290	\$(13,282)	\$ 17,013	\$12,292
.27	.79	.35	(12.87)	3.42	2.80
103,859	103,800	104,542	104,574	105,390	68,010

Except as set forth below, neither Barrick nor any of its predecessors has paid any dividends on its shares and Barrick does not plan to pay any dividends in the future. Predecessor Camflo paid dividends on its outstanding common shares during the five years ended December 31, 1983 as follows:

1979,	\$0.60	(U.S. \$0.51) per share;
1980,	\$1.00	(U.S. \$0.85) per share;
1981,	\$0.50	(U.S. \$0.42) per share;
1982,	nil;	
1983,	nil.	

All dividends stated in United States currency are based on the exchange rates at each respective dividend payment date. Prior to the July 14, 1984 amalgamation, Predecessor Bob-Clare was a private company. Accordingly, information pertaining to its dividend history is not available.

Item 9. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Barrick is a significant North American gold producer with assets of \$206.6 million as at March 31, 1986. Barrick commenced diversifying from oil and gas into gold in September 1983 and has since undergone rapid growth through acquisitions. As a result, Barrick's financial results to date are not conducive to year by year comparison.

Barrick was incorporated on October 10, 1980 as a private company intended to participate in high risk, high reward international oil and gas exploration investments. The founding shareholders initially capitalized Barrick with \$6 million and in 1981 raised an additional \$12.3 million through a private placement of common shares. By the end of 1982 Barrick had invested almost \$22 million in oil and gas interests primarily in the United States.

In 1983 Barrick reconsidered its objectives and decided to become a public North American gold producer. In May 1983, Barrick became publicly listed on The Toronto Stock Exchange through a reverse take over transaction. In September 1983, Barrick acquired a 23.125% equity participation in Valdez Creek, a joint venture which completed a comprehensive exploration program that developed into a producing open pit gold mine in 1984. Later in 1983, the Company amalgamated with Sungate Resources Ltd. which had as its sole asset the Renabie Mine. Concurrently with the amalgamation 50% of the Renabie mine was sold to Cullaton at cost and Cullaton assumed management of the operation. The results of operations for 1983 included 50% of the results of Renabie's operations for the last quarter of 1983.

In July 1984, Barrick amalgamated with Camflo and Bob-Clare. Through the amalgamation Barrick acquired 100% of the Camflo mine, a substantial portfolio of producing Canadian oil and gas assets, the McDermott exploration property and a number of investments including a 43.7% interest in United Siscoe Mines Inc. and a 89.5% interest in La Luz Mines Limited. Barrick also assumed in excess of \$95 million in bank debt of which \$26.3 million was repaid concurrently with the amalgamation from the proceeds of a \$30 million private placement.

Results of Operations and Capital Resources

Barrick reported a loss of \$4.4 million in 1983 on revenues of \$1.7 million. Operations prior to the acquisition of Renabie consisted principally of the acquisition of oil and gas exploration and development interests. In accordance with the full cost method of accounting for oil and gas interests, all costs relating to these activities were capitalized with the exception of \$2,607,000 written off representing abandoned areas of interest during the year. Due to the exploratory nature of the interests acquired, no production revenue was derived from these activities. The results for the year include Barrick's share of the results of the operations of the Renabie mine for the three month period ended December 31, 1983. The Company's acquisition and operating cash flow deficits were funded through the issue of capital stock and the sale and farm out of oil and gas interests.

The results for 1984 reflect the results of operations for Camflo and Bob-Clare for the second half of 1984 and a full year of Renabie's operations. As a result, gold production attributable to Barrick increased from 3,000 ounces in 1983 to 34,557 ounces in 1984 and revenues increased correspondingly from \$1.7 million in 1983 to \$13.8 million in 1984. Oil and gas revenue increased to \$5.8 million in 1984 from nothing in 1983 as a result of the oil and gas interests which were acquired. Operating costs for gold and petroleum and natural gas increased by \$8.4 million and \$1.8 million respectively due to the acquired operations. Depreciation increased to \$5.8 million from \$.5 million in 1983 due to the amortization of the acquired gold and petroleum and natural gas operations. General and administration expenses doubled as a result of the increased operations resulting from the 1983 and 1984 acquisitions. Interest expense increased by \$5.6 million in 1984 due to the bank debt assumed by Barrick on the Camflo/Bob-Clare amalgamation. In spite of the substantial improvement in operating results Barrick reported a loss of \$3.7 million before extraordinary items due to high depreciation charges and interest expense. The final loss for the year was \$16.1 million due primarily to an extraordinary write-down of the Canadian oil and gas interests which were written down to realizable value as Barrick had agreed to sell the properties for a value which was less than the value attributed to the properties at acquisition. The sale of the properties closed in March 1985 and the net proceeds of \$31 million were used to repay bank indebtedness.

Barrick's assets grew from \$52.5 million in 1983 to \$219 million in 1984 and equity increased by \$63.6 million to \$105 million during 1984. Barrick raised in excess of \$82 million through the issue of common shares to finance business acquisitions and capital expenditures. Because of the large working capital deficiencies acquired through the Camflo/Bob-Clare amalgamation Barrick concluded 1984 with a working capital deficiency in excess of \$30 million.

In early 1985, Barrick raised \$53 million through the sale of Limited Partnership units in the Gold Company of America. Under the terms of the financing Barrick is required to deliver gold to the partnership from the Camflo Mine based on a formula tied to the price of gold. With the proceeds from the Gold Company of America financing and the oil and gas property sale Barrick was able to fully repay the bank indebtedness assumed on the Camflo/Bob-Clare amalgamation.

In June 1985, Barrick acquired 100% of the Mercur mine for US\$31 million and a US\$9 million production payment. The purchase was financed through a US\$25 million non-recourse bank loan. The results for the Mercur mine following the acquisition were outstanding and contributed significantly to Barrick's overall 1985 results even though only six months of Mercur's operations were included. Mercur produced 52,290 ounces of gold at a cash cost of US\$214 per ounce for the six months ended December 31, 1985.

In 1985 Barrick's gold production increased to 115,965 ounces from 34,557 ounces in 1984 and net income before extraordinary items increased to \$4.0 million from a loss of \$3.7 million in 1984. Revenues increased to \$48.5 million from \$13.8 million in 1984 and operating costs increased from \$9.9 million in 1984 to \$30.3 million in 1985 due to the increased gold production. The average cash cost, however, reduced from US\$251 per ounce in 1984 to US\$217 per ounce in 1985. As a result, income from operations increased to \$14.8 million from \$.85 million in 1984. Other income increased to \$6.7 million from \$2.6 million in 1984 due to improved operations at the Company's coal mines and due to a surplus of \$1.4 million arising from the termination of the Company's pension plan. Interest expense declined during 1985 due to the repayment of approximately \$77 million of bank debt in early 1985. However, the interest expense reduction was partially offset by the interest on the Mercur mine acquisition loan. Depreciation increased to \$11.5 million from \$4.6 million due to the increased production and asset base, but declined to \$99 per ounce in 1985 from \$134 per ounce in 1984. Income from discontinued operations dropped to \$.2 million from \$1.9 million due to the sale of the Canadian oil and gas properties.

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As a result of its decision to discontinue its oil and gas operations, Barrick fully provided for its oil and gas investments which resulted in a loss for the year of \$22.4 million. The properties were sold in 1986 with Barrick retaining a residual interest of 10-25% of the future revenues from the development of the properties.

During 1985 Barrick's balance sheet strengthened significantly. Working capital increased by over \$27 million and long-term debt decreased by over \$42 million through the Gold Company of America financing, the refinancing of the Mercur acquisition loan with a bullion loan in late December and the oil and gas property sale. Cash flow from operations increased to \$7.4 million for 1985 from a \$.2 million deficiency in 1984. Barrick continued to fund the exploration of the McDermott property and financed a portion of the expenditures through the sale of flow through shares.

Operations are more than sufficient to service the delivery obligations of the Gold Company of America and the bullion loan and cash flow after such deliveries is sufficient to meet all other debt service and capital maintenance obligations. Discretionary spending on the McDermott property will be funded in part through the sale of flow through shares until a feasibility study is completed at which time separate development financing will be a necessary to bring the property into production should the feasibility study so indicate.

Inflation and Changing Prices

The price of gold materially impacts the results of operations and financial position of Barrick. Gold bullion production is currently sold on the spot and forward markets, at prices over which Barrick has no control and which have historically been subject to volatile fluctuations over short periods of time. Under Barrick's gold hedging program, a portion of future production has been sold forward for delivery through June 1987. This policy ensures a minimum level of revenue and cash flow to sustain operations in the event of a substantial decrease in the price of gold. Gold production costs and corporate expenses are subject to normal inflationary pressures.

Item 10. Directors and Officers of Registrant

The following table sets forth the names of the directors and executive officers of Barrick, all positions and offices with Barrick held by them and their respective present principal occupations. All of the persons listed below are elected or appointed to the respective positions in Barrick set out opposite their names on May 30, 1986. Each director serves until Barrick's next annual meeting or until his successor is appointed and each officer serves at the pleasure of the board of directors.

<u>Name</u>	<u>Position</u>	<u>Principal Occupation</u>
Howard L. Beck, Q.C.	Director	Partner, Davies, Ward & Beck (barristers and solicitors)
C. William D. Birchall	Director	Chief Financial Officer, Barrick Investments Limited
Stephen R. Dattels	Executive Vice-President, Corporate Finance and Director	Executive Vice-President, Corporate Finance of Barrick
Robert E. Fasken	Director	Consultant
David H. Gilmour	Director	Vice-Chairman, Barrick Investments Limited
David R. Hinde	Director	Executive Director, Samuel Montagu & Co. Limited
Peter Munk	Chairman, Chief Executive Officer and Director	Chairman, Barrick Investments Limited
Tariq R. Kadri	Director	Director, Executive Vice-President and Assistant Secretary, Triad American Corporation
P. Anthony Novelly	Director	President and Chief Executive Officer, Apex Oil Company
Joseph L. Rotman	Director	President, Roy-L Resources Limited (natural resources company)
Norman L. Short	Director	Guardian Capital Group Limited (investment management group)

<u>Name</u>	<u>Position</u>	<u>Principal Occupation</u>
Robert M. Smith	Executive Vice-President, Mining and Chief Operating Officer and Director	Executive Vice-President, Mining and Chief Operating Officer of Barrick
Jeremy Garbutt	Executive Vice-President, Finance	Executive Vice-President, Finance of Barrick
Alan R. Hill	Vice-President, Engineering	Vice-President, Engineering of Barrick
Meredyth E. Holt	Vice-President, Exploration	Vice-President, Explora- tion of Barrick
Brian K. Meikle	Vice-President, Operations	Vice-President, Opera- tions of Barrick
William R. Robertson	Vice-President and Secretary	Vice-President and Sec- retary of Barrick
Gregory C. Wilkins	Vice-President and Controller	Vice-President and Con- troller of Barrick
Robert B. Wickham	Treasurer	Treasurer of Barrick

Other than arrangements or understandings with directors or executive officers acting in their capacity as such, to the knowledge of Barrick, there are no arrangements or understandings pursuant to which any such director or executive officer was elected as a director or executive officer except that pursuant to an agreement dated May 14, 1984 among the predecessors of Barrick, Robert E. Fasken and certain other parties relating to the July 14, 1984 amalgamation which formed Barrick, Fasken agreed to act as a consultant to and director of Barrick for a period of two years from the amalgamation.

There are no family relationships between any director or executive officer of Barrick and any other director or executive officer of Barrick.

Item 11. Compensation of Directors and Officers

(a) The aggregate amounts of direct or indirect compensation paid or accrued by Barrick and its respective subsidiaries during the fiscal years ended December 31, 1985 to all persons who are now directors and officers of Barrick as a group for services in all capacities for such fiscal year was \$1,613,000.

Item 12. Options to Purchase Securities From Registrant or Subsidiaries

The following table provides information as to all options, warrants or rights (other than those issued to security holders as such on a pro-rata basis) to purchase common shares from Barrick and which are outstanding as at May 31, 1986.

<u>Type of option, warrant or right</u>	<u>Total number of common shares underlying option, warrant or right</u>	<u>Exercise price</u>	<u>Expiration date</u>
Options to employees of Barrick	247,600	\$ 7.00	- (1)
	100,000	7.00	Dec. 31, 1987
	24,180	8.3925	Mar. 1, 1987
Common share purchase warrants	6,000,001 (2)	10.50	July 13, 1989
	400,000 (3)	8.00	June 27, 1987

The 6,000,001 common share purchase warrants with an expiration date of July 14, 1989 are listed and posted for trading on The Toronto Stock Exchange.

The total number of common shares called for by all such options, warrants and rights held by directors and officers of Barrick as a group as at May 31, 1986 was 334,900 all of which were in respect of employee options.

- (1) 81,000 exercisable after April 30, 1986;
81,600 exercisable after April 30, 1987;
85,000 exercisable after April 30, 1988.

Options not exercised in any one period may be exercised in a subsequent period to the date of expiration on April 30, 1989.

- (2) The warrants entitle the holder to subscribe for one fifth of a common share of Barrick at \$10.50 per share and expire July 14, 1989.
- (3) The warrants entitle the holder to subscribe for one fifth of a common share of Barrick at \$8.00 per share and expire on June 27, 1987.

Item 13. Interest of Management in Certain Transactions

The following is a brief description, to the extent disclosed by Barrick or its predecessors to its or their respective shareholders or otherwise made public by it or them, of any material transactions during 1985 and up to May 31, 1986, or any presently proposed transactions to which Barrick or any of its predecessors or any of its or their respective subsidiaries was or is to be a party and in which certain persons (including directors, officers and principal shareholders of Barrick) have or are to have a direct or indirect interest. The following does not include information relating to transactions to which predecessors of Barrick were a party and in which persons who were directors, officers or principal shareholders of such predecessors but not of Barrick had an interest.

1. E. Khashoggi, P. Munk, D.H. Gilmour and C.W.D. Birchall, directors of Barrick, have equity interests of 50%, 22.2%, 22.7% and 5.7%, respectively, in Barrick Investments Limited ("BIL").

(a) A subsidiary of BIL, Barrick Energy Inc. ("Barrick Energy"), loaned US\$2,500,000 to Barrick in 1982 with interest at a rate per annum equal to the prime rate quoted by Marine Midland Bank N.A. plus 1%. During the period March 1984 to December 1984 Barrick Energy advanced a further US\$2,095,000 to Barrick. These advances were on the same terms as the initial loan of US\$2,500,000. Barrick repaid its entire indebtedness to Barrick Energy in January 1985 from the proceeds of the Gold Company of America Financing.

During May 1985 to June 1985, Barrick Energy advanced Barrick a total of US\$1,865,000 with interest at a rate per annum equal to the prime rate quoted by Barclay's Bank of New York plus 1%. This amount was outstanding at December 31, 1985 and May 31, 1986.

2. P. Anthony Novelly, a director of Barrick, is associated with Pan Enterprises, Inc. and SCR Exploration, Inc. which pursuant to an agreement dated April 1986 purchased certain oil and gas assets from Barrick Exploration Company ("Barrick Exploration") for total consideration of US\$330,000.

3. Certain officers or former officers of Barrick or its subsidiaries are or have during 1985 been indebted to Barrick or a predecessor of Barrick in respect of loans made to assist such persons in purchasing shares of Barrick or a predecessor of Barrick. These loans are non-interest bearing and have recourse only against the shares so purchased.

The following table sets forth the names of such officers, the largest aggregate amount of such indebtedness outstanding at any time during 1985 and the amount thereof outstanding as of May 31, 1986.

<u>Name of officer</u>	<u>Largest aggregate amount outstanding</u>	<u>Amount outstanding as at May 31, 1986</u>
Stephen R. Dattels	\$ 275,000	\$183,333
Robert E. Fasken	243,200	243,200
Jeremy Garbutt	178,750	163,350
Anthony A. McLellan	275,000	-
William R. Robertson	44,375	44,375
Robert Sherman	56,240	-
Robert Smith	536,796	432,246

4. Roger L. Jarvis ("Jarvis"), the former president of Barrick Exploration, owned 10% of the shares of Barrick Exploration, the balance being owned by Barrick Resources (USA) Inc. Pursuant to an agreement made the 27th day of October, 1983 between Barrick Exploration and Jarvis, Barrick Exploration exercised its right to purchase all of the shares of Barrick Exploration owned by Jarvis on April 18, 1986 in exchange for US\$16,500 and an overriding 20% royalty interest in certain royalty interests retained by Barrick Exploration after the sale of the oil and gas interests.

5. Peter Munk, the Chairman and Chief Executive Officer of Barrick, is the sole shareholder of Southern Pacific Hotels Services Inc., a Canadian management company. This company provides Barrick with the use of office space and facilities at market prices. See note 17 to the Consolidated Financial Statements of Barrick. This company also made certain loans to Barrick in respect of which \$1,352,000 was outstanding at December 31, 1984, and repaid in January 1985.

6. H.L. Beck, Q.C., a director of Barrick, is a partner in the law firm of Davies, Ward & Beck which has in the past and may in the future receive fees from Barrick in respect of legal services rendered.

Item 14 Description of Securities to be Registered

Not applicable.

PART III**Item 15. Defaults Upon Senior Securities**

Barrick has not been in default with respect to the payment of principal and interest on indebtedness, and of gold distributions under the gold purchase agreements during 1985 and to the date hereof. There are no dividends in arrears to the date hereof.

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**Item 16. Changes in Securities and Changes in Security
for Registered Securities**

During 1985 and to the date thereof the rights of common shareholders of Barrick have not been materially limited or qualified by the issuance or modification of any other class of security.

Articles of Amendment became effective December 9, 1985 consolidating the common shares of Barrick and changing the name of the Corporation from Barrick Resources Corporation to American Barrick Resources Corporation.

Item 17. Financial Statements

The financial statements included herein have been prepared in accordance with accounting principles generally accepted in Canada and have been reconciled to comply with accounting principles generally accepted in the United States and Regulation S-X. See Note 21 to the consolidated financial statements.

Item 19. Financial Statements and Exhibits

(a) (i) Financial Statements

American Barrick Resources Corporation

- (1) Opinion of Independent Chartered Accountants
- (2) Consolidated Balance Sheets, as at December 31, 1985 and 1984.
- (3) Consolidated Statements of Operations, for the years ended December 31, 1985, 1984 and 1983.
- (4) Consolidated Statements of Deficit, for the years ended December 31, 1985, 1984 and 1983.
- (5) Consolidated Statements of Changes in Financial Position, for the years ended December 31, 1985, 1984 and 1983.
- (6) Notes to the Consolidated Financial Statements

(ii) Financial Statement Schedules

American Barrick Resources Corporation

Schedule I - Marketable Securities

Schedule II - Amounts Receivable from Related Parties and Underwriters, Promoters and Employees other than Related Parties

Schedule IV - Indebtedness of and to Related Parties - Not Current

Schedule V - Property, Plant and Equipment

Schedule VI - Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment

Schedule IX - Short-Term Borrowings

(b) (i) Financial Statements

Muskingum Mining Incorporated

- (1) Report of Independent Accountants
- (2) Consolidated Balance Sheets, as at December 31, 1985 and 1984.
- (3) Consolidated Statement of Operations, for the years ended December 31, 1985 and 1984.
- (4) Consolidated Statement of Stockholder's Equity, for the years ended December 31, 1985 and 1984.
- (5) Consolidated Statement of Changes in Financial Position, for the years ended December 31, 1985 and 1984.
- (6) Notes to the Consolidated Financial Statements.

AUDITORS' REPORT

To the Shareholders of
AMERICAN BARRICK RESOURCES CORPORATION

We have examined the consolidated balance sheets of American Barrick Resources Corporation (formerly Barrick Resources Corporation) as at December 31, 1985 and 1984 and the consolidated statements of operations, deficit and changes in financial position for the years ended December 31, 1985, 1984 and 1983. Our examination was made in accordance with generally accepted auditing standards in Canada, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1985 and 1984 and the results of its operations and the changes in its financial position for the years ended December 31, 1985, 1984 and 1983 in accordance with generally accepted accounting principles applied on a consistent basis.

TORONTO, CANADA
March 14, 1986

Coopers & Lybrand
COOPERS & LYBRAND
CHARTERED ACCOUNTANTS

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

Consolidated Balance Sheet
As at December 31, 1985
(Expressed in thousands of Canadian dollars)

	<u>1985</u>	<u>1984</u>
ASSETS		
Current assets		
Cash and short-term deposits	\$ 2,742	\$ 1,353
Marketable securities	591	1,898
Accounts receivable	5,256	7,344
Inventories and prepaid expenses (note 4)	<u>9,810</u>	<u>2,549</u>
	18,399	13,144
	982	3,704
Cash held in trust (note 5)	163,780	155,709
Property, plant and equipment (note 6)	19,929	43,026
Investments (note 7)	<u>3,736</u>	<u>3,419</u>
Other assets (note 8)	<u>\$206,826</u>	<u>\$219,002</u>
LIABILITIES		
Current liabilities		
Bank loans (note 9)	\$ 5,332	\$ 34,214
Accounts payable and accrued liabilities	15,113	9,034
Current maturities of long-term liabilities (notes 10 and 11)	<u>1,214</u>	<u>404</u>
	21,659	43,652
	8,205	50,331
Long-term debt (note 10)	4,298	3,597
Other long-term liabilities (note 11)	85,649	6,880
Deferred revenue (note 12)	-	9,189
Deferred taxes	<u>119,811</u>	<u>113,649</u>
SHAREHOLDERS' EQUITY		
Capital stock (note 13)	134,385	130,207
Deficit	<u>(47,370)</u>	<u>(24,854)</u>
	87,015	105,353
	<u>\$206,826</u>	<u>\$219,002</u>

Signed on behalf of the board:

Peter Munk, Director

C.W.D. Birchall, Director

See accompanying notes to consolidated financial statements

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

Consolidated Statement of Operations
For the Year Ended December 31, 1985
(Expressed in thousands of Canadian dollars,
except per share data)

	<u>1985</u>	<u>1984</u>	<u>1983</u>
Revenue	\$ <u>48,518</u>	\$ <u>13,783</u>	\$ <u>1,672</u>
Expenses			
Operating costs	30,305	9,924	1,534
Admininstration	<u>3,388</u>	<u>3,005</u>	<u>1,556</u>
	<u>33,693</u>	<u>12,929</u>	<u>3,090</u>
Income (loss) from operations	14,825	854	(1,418)
Other income (note 14)	6,704	2,600	280
Interest expense (including interest on long-term debt of \$3,151; 1984, \$3,182)	(3,815)	(5,645)	-
Depreciation, depletion and amortization	(11,497)	(4,555)	(456)
Exploration costs	(448)	-	(2,827)
Discontinued operations	<u>204</u>	<u>1,961</u>	<u>-</u>
Income (loss) before taxes and extraordinary items	5,973	(4,785)	(4,421)
Resource taxes	(450)	(439)	-
Deferred income taxes (note 15)	<u>(1,500)</u>	<u>1,508</u>	<u>-</u>
Income (loss) before extraordinary items	4,023	(3,716)	(4,421)
Extraordinary items (note 16)	<u>(26,392)</u>	<u>(12,378)</u>	<u>-</u>
Loss for the year	<u><u>\$(22,369)</u></u>	<u><u>\$(16,094)</u></u>	<u><u>\$(4,421)</u></u>
Income (loss) per share			
Before extraordinary items	\$ 0.21	\$ (0.25)	\$ (0.45)
For the year	\$ (1.17)	\$ (1.05)	\$ (0.45)

See accompanying notes to consolidated financial statements

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

Consolidated Statement of Deficit
For the Year Ended December 31, 1985
(Expressed in thousands of Canadian dollars)

	<u>1985</u>	<u>1984</u>	<u>1983</u>
Deficit at beginning of year	\$ 24,854	\$ 7,456	\$ 2,921
Loss for the period	22,369	16,094	4,421
Costs incurred in raising capital	-	1,304	114
Excess of cost over proceeds from resale of shares held by a subsidiary	<u>147</u>	<u>-</u>	<u>-</u>
Deficit at end of year	<u><u>\$ 47,370</u></u>	<u><u>\$ 24,854</u></u>	<u><u>\$ 7,456</u></u>

See accompanying notes to consolidated financial statements

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

Consolidated Statement of Changes in Financial Position
For the Year Ended December 31, 1985
(Expressed in thousands of Canadian dollars)

	<u>1985</u>	<u>1984</u>	<u>1983</u>
Working capital derived from			
Income (loss) before extraordinary items	\$ 4,023	\$ (3,716)	\$ (4,421)
Items not affecting working capital			
Depreciation, depletion and amortization	11,611	5,827	456
Deferred income taxes	1,200	(1,508)	-
Amortization of deferred revenue	(6,954)	(610)	-
Share of earnings of equity accounted companies	(2,512)	(300)	-
Exploration costs	-	-	2,827
Other	<u>11</u>	<u>109</u>	<u>68</u>
Generated from operations	7,379	(198)	(1,070)
Deferred revenue	87,871	-	-
Issue of long-term debt	34,647	6,752	-
Sale of petroleum and natural gas interests	32,731	1,961	3,998
Issue of capital stock	4,224	82,397	30,294
Repayment of notes receivable	4,706	1,991	-
Cash held in trust for mine expansion	2,722	-	-
Gold trust proceeds	<u>-</u>	<u>7,490</u>	<u>-</u>
	<u>174,280</u>	<u>100,393</u>	<u>33,222</u>
Working capital applied to			
Business acquisitions,			
including working capital of \$2,814			
(1984, working capital deficiency of \$53,894;			
1983, working capital of \$15,441)	43,694	107,078	15,513
Repayment of long-term debt	77,205	-	-
Property, plant and equipment	20,133	15,436	9,221
Advances to affiliated companies	2,363	1,144	-
Investments	1,879	-	-
Redemption of preferred shares	46	1,381	-
Cash held in trust for mine expansion	-	3,704	-
Costs incurred in raising capital	-	1,304	114
Other	<u>1,712</u>	<u>1,539</u>	<u>2,754</u>
	<u>147,032</u>	<u>131,586</u>	<u>27,602</u>
Increase (decrease) in working capital	27,248	(31,193)	5,620
Working capital (deficiency) at beginning of year	<u>(30,508)</u>	<u>685</u>	<u>(4,935)</u>
Working capital (deficiency) at end of year	<u><u>\$ (3,260)</u></u>	<u><u>\$ (30,508)</u></u>	<u><u>\$ 685</u></u>

See accompanying notes to consolidated financial statements

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

Consolidated Statement of Changes in Financial Position (Cont'd)
For the Year Ended December 31, 1985
(Expressed in thousands of Canadian dollars)

	<u>1985</u>	<u>1984</u>	<u>1983</u>
Changes in individual components of working capital are as follows:			
Increase (decrease) in current assets			
Cash and short term deposits	\$ 1,389	\$ (2,667)	\$ 3,689
Marketable securities	(1,307)	1,898	-
Accounts receivable	(2,088)	4,059	3,163
Inventories and prepaid expenses	<u>7,261</u>	<u>1,981</u>	<u>162</u>
	<u>5,255</u>	<u>5,271</u>	<u>7,014</u>
Decrease (increase) in current liabilities			
Bank loans	28,882	(32,440)	889
Accounts payable and accrued liabilities	(6,079)	(3,620)	(3,739)
Related company loan	-	-	1,456
Current maturities of long-term debt	<u>(810)</u>	<u>(404)</u>	<u>-</u>
	<u>21,993</u>	<u>(36,464)</u>	<u>(1,394)</u>
Increase (decrease) in working capital	<u>\$ 27,248</u>	<u>\$ (31,193)</u>	<u>\$ 5,620</u>

See accompanying notes to consolidated financial statements

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AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

Notes to Consolidated Financial Statements
For the Year Ended December 31, 1985
(Tabular amounts in thousands of Canadian dollars)

1. Accounting policies

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. Summarized below are those policies considered particularly significant for the Company.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries except for Muskingum Mining Incorporated, a wholly-owned subsidiary which operates two coal mines in Ohio. Muskingum is accounted for by the equity method as its operations are not part of the Company's continuing business and the Company plans to dispose of these operations.

Certain of the Company's gold mining and mineral exploration activities are conducted jointly with others and the financial statements reflect the Company's proportionate interest in such activities.

(b) Translation of foreign currencies

The Company's integrated foreign operations are translated by the temporal method whereby monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date, non-monetary assets and liabilities and related depreciation and amortization are translated at historical exchange rates and revenues and expenses are translated at the exchange rates in effect at transaction dates.

The Company's self-sustaining foreign operations, principally United States gold operations, are translated using the current rate method whereby all assets and liabilities are translated at exchange rates prevailing at the year end and revenue and expense items at average exchange rates for the year. Translation adjustments arising from changes in exchange rates will form part of the change in the deferred translation adjustments component of shareholders' equity. These adjustments are not included in operations until realized through a reduction in the Company's net investment.

(c) Inventories

Refined gold inventory is valued at market value. Gold in process which is contained in the milling circuit and in the ore stock pile is valued at the lower of average cost and net realizable value.

Mine operating supplies are valued at the lower of average cost and net realizable value.

(d) **Property, plant and equipment**

(i) **Property acquisition and deferred mine development costs**

Property acquisition and deferred mine development costs are recorded at cost and amortized by the unit of production method.

(ii) **Buildings and equipment**

Buildings and equipment are recorded at cost and depreciated using the straight-line method based on the estimated useful lives of the assets ranging from 3 to 20 years.

Repairs and maintenance expenditures are charged to operations; major improvements and replacements which extend the useful life of an asset are capitalized and depreciated over the remaining estimated useful life of that asset.

(iii) **Mineral exploration**

Expenditures on mineral exploration programmes are deferred on a project basis until the viability of the project is determined. If a project is abandoned, the accumulated project costs are charged to operations. Once a project is developed, the related accumulated costs are amortized over the productive life of the project.

2. **Accounting policy change**

Following the acquisitions of the Mercur gold mine and the additional interest in Pinson mine the Company carried out a review of its depreciation policies and reserve estimates. As a result the Company adopted the straight-line method of depreciation for its buildings, mill facilities and equipment, whereby the cost of such assets, less their residual value, is depreciated over their estimated economic lives. This change, from the unit of production method, results in a more appropriate matching of revenues and expenses and is considered preferable in the gold mining industry. The effect of the change, which was implemented with effect from January 1, 1985, on the current and prior years' results was not material and, accordingly, prior years' results have not been restated.

3. Business acquisitions

- (a) On June 28, 1985, the Company, through its wholly-owned indirect subsidiary, Barrick Resources (USA) Inc., purchased all of the issued and outstanding shares of a company, which owns the Mercur gold mine, for US\$31,000,000 and contingent consideration of a US\$9,000,000 production payment on which payments will be made, based on one half of any additional revenue from gold sold above US\$385 an ounce. Any such payments will be added to the cost of the assets acquired.

The acquisition has been accounted for as a purchase and accordingly these consolidated statements include the results of operations from the date of acquisition. The value of the assets and liabilities acquired based on the consideration paid, was as follows:

Assets	
Current assets	\$ 5,748
Property acquisition, deferred mine development costs, buildings and equipment	<u>41,828</u>
	<u>47,576</u>
Liabilities	
Current liabilities	3,077
Long-term liabilities	<u>1,155</u>
	<u>4,232</u>
Net assets at values assigned	<u>\$ 43,344</u>
Consideration	
Cash	\$ 42,120
Costs of acquisition	<u>1,224</u>
	<u>\$ 43,344</u>

- (b) Effective December 31, 1985 the Company acquired all of the issued and outstanding shares of Siscoe Holdings Co., a wholly-owned subsidiary of United Siscoe Mines Inc., which owns a 26.25% interest in the Pinson gold mine and owed the Company \$12,892,000, for total consideration of \$5,756,000. Prior to the acquisition the Company held an indirect 43.7% interest in Siscoe Holdings Co. As part of the consideration for the purchase, the Company tendered its United Siscoe shares to United Siscoe for cancellation. As a result the Company has accounted for the transaction as a purchase of 56.3% of Siscoe Holdings and a disposition, at fair value, of its interest in United Siscoe's assets and liabilities other than Siscoe Holdings. Since the effective date of the transaction was the last day of the fiscal year there was no effect on 1985 operating income. The Company's gain of \$437,000 on the disposition of its United Siscoe interest and the results of United Siscoe's operations are included in discontinued operations. The results of its interest in the Pinson Mine have been included in other income.

The value of the assets and liabilities acquired, based on the consideration paid, was as follows:

Assets	
Current assets	\$ 1,335
Property acquisition, deferred mine development costs, buildings and equipment	13,196
Other	<u>163</u>
	<u>14,694</u>
Liabilities	
Current liabilities	1,192
Due to American Barrick	7,258
Long-term liabilities	<u>488</u>
	<u>8,938</u>
Net assets at values assigned	<u><u>\$ 5,756</u></u>
Consideration	
Cash	\$ 3,074
Promissory note due January 1, 1987	1,000
United Siscoe Mines Inc. shares tendered for cancellation	1,592
Costs of acquisition	<u>90</u>
	<u><u>\$ 5,756</u></u>

In addition to the tangible consideration paid, the Company undertook to place by December 31, 1986, United Siscoe's shareholding in American Barrick in an amount sufficient, when combined with the promissory note given as part consideration for the transaction, to completely repay United Siscoe's outstanding bank indebtedness. The Company has also agreed to provide management services at no charge to United Siscoe until the bank indebtedness has been fully repaid.

As at March 14, 1986 all but 200,100 shares of United Siscoe's shareholding in American Barrick had been sold and United Siscoe's bank debt had been reduced to \$1,919,290.

- (c) On July 14, 1984, the Company amalgamated with Camflo and Bob-Clare, companies operating in the gold mining and petroleum and natural gas industries, continuing as Barrick Resources Corporation, whereby common shareholders of the Company received one common share of the amalgamated corporation for each common share held. Preferred shareholders of the Company received one preferred share, with identical attributes, of the amalgamated corporation for each preferred share held. Shareholders of Camflo, except Bob-Clare, whose Camflo shares were cancelled, received seven common shares of the amalgamated corporation for each common share held. Shareholders of Bob-Clare received 952,381 First Preferred shares, Series B of the amalgamated corporation. Concurrent with the amalgamation, the Company completed a private placement of \$30,000,000 of treasury shares, repaid \$26,277,000 of bank debt and restructured the remaining bank debt into a \$40,000,000 term loan and a \$30,000,000 operating loan.

As the amalgamation resulted in the previous shareholders of the Company owning a majority of the shares of the amalgamated Company, the amalgamation is accounted for as a purchase by the Company of Camflo and Bob-Clare as at July 14, 1984 and accordingly, these consolidated financial statements include the results of operations of Camflo and Bob-Clare from that date.

Details of the acquisition are as follows:

Assets

Gold mining claims, deferred mine development costs, buildings and equipment	\$ 59,528
Mineral exploration interests	14,000
Petroleum and natural gas interests	56,900
Investments	39,698
Other	<u>1,548</u>
	<u>171,674</u>

Liabilities

Working capital deficiency	53,894
Long-term debt	50,369
Other liabilities	<u>14,227</u>
	<u>118,490</u>

Net assets at fair values assigned

\$ 53,184

Consideration

Issue of	
22,817,795 common shares	\$ 47,917
952,381 First Preferred shares, Series B	2,000
6,000,001 warrants	<u>3,000</u>
	52,917
Deduct Company's interest in its shares held by business acquired	<u>1,261</u>
	51,656
Costs of amalgamation	<u>1,528</u>
	<u><u>\$ 53,184</u></u>

- (d) On October 14, 1983 the Company amalgamated with Sungate Resources Limited ("Sungate"), continuing as Barrick Resources Corporation, and immediately thereafter sold 50% of Sungate's wholly-owned subsidiary Renabie, at the Company's cost, to Royex Gold Mining Corporation (formerly Cullaton Lake Gold Mines Ltd.) ("Royex"). The effect of these transactions was that the Company acquired 50% of Renabie as virtually all of Sungate's assets, other than Renabie, were divested concurrent with the amalgamation.

The amalgamation between the Company and Sungate has been accounted for as a purchase of Sungate by the Company, and accordingly, these statements include the Company's share of the results of operations of Renabie commencing from the date of amalgamation. The fair value of Sungate's assets and liabilities acquired amounted to \$52,006,000 and \$11,556,000

respectively, the excess of fair value over book value of \$11,561,000 being attributable primarily to mining claims. The consideration to the shareholders of Sungate to acquire the net assets was the issue of First and Second Preferred shares, Series A at their fair value as set out in note 13.

- (e) On April 28, 1983, Barrick Petroleum completed a share exchange offer with Summit whereby all the issued and outstanding shares of Barrick Petroleum were acquired by Summit in exchange for shares of Summit. Immediately after the share exchange, Summit amalgamated with PetroInc continuing as Barrick Resources Corporation.

These transactions resulted in the Barrick Petroleum shareholders ultimately owning 96.25% of the Company, and thus have been treated as a reverse take-over of Summit and PetroInc by Barrick Petroleum and accounted for by the purchase method. Accordingly, these financial statements include the assets and liabilities of Barrick Petroleum at book value and the assets and liabilities of Summit and PetroInc at fair value as at the date of the acquisition and the results of operations of Summit and PetroInc from the date of acquisition.

The fair value of Summit's and PetroInc's assets and liabilities at the date of acquisition amounted to \$2,342,000 and \$300,000 respectively, the excess of fair value over book value of \$1,559,000 being attributable to oil and gas interests. As Barrick Petroleum was the acquiring company, the share capital and deficit of Barrick Petroleum became the share capital and deficit of the Company.

4. Inventories and prepaid expenses

	<u>1985</u>	<u>1984</u>
Mine operating supplies	\$ 5,100	\$ 2,381
Gold in process	3,598	-
Prepaid expenses	<u>1,112</u>	<u>168</u>
	<u>\$ 9,810</u>	<u>\$ 2,549</u>

5. Cash held in trust

On February 13, 1984, Renabie Gold Mines Ltd. received \$14,980,750 (\$17,000,000 less issue expenses) from The Renabie Gold Trust under the terms of a gold acquisition agreement. The funds are held in trust and are released as expenditures are incurred to further the Renabie mine expansion plan.

6. Property, plant and equipment

	<u>1985</u>	<u>1984</u>
Cost		
Property acquisition and deferred mine development costs	\$ 81,808	\$ 64,692
Buildings and equipment	80,487	17,881
Mineral exploration	19,897	15,801
Petroleum and natural gas	<u>-</u>	<u>63,746</u>
	182,192	162,120
Accumulated depreciation, depletion and amortization	<u>18,412</u>	<u>6,411</u>
	<u>\$163,780</u>	<u>\$155,709</u>

7. Investments

	<u>1985</u>	<u>1984</u>
Muskingum Mining Incorporated (note 13(g))		
Shares, at cost	\$ 633	\$ -
Share of earnings	<u>3,816</u>	<u>1,300</u>
	4,449	1,300
Notes receivable US\$8,000,000 (1984, US\$10,000,000) plus accrued interest of \$3,841,000 (1984, \$2,462,000) bearing interest at 10%, secured by mortgages on certain coal lands and security interests in Muskingum's assets, subordinated to Muskin- gum's mortgage payable, certain reclamation bonds and a property lease	<u>14,234</u>	<u>15,612</u>
	<u>18,683</u>	<u>16,912</u>
Gold Company of America		
Units at cost (market value \$945,600)	<u>1,246</u>	<u>-</u>
United Siscoe Mines Inc. (note 3(b))		
Shares, at cost	-	8,424
Share of losses	<u>-</u>	<u>(1,000)</u>
	-	7,424
Notes receivable, plus accrued interest at bank prime rate plus 1½%	<u>-</u>	<u>13,707</u>
	<u>-</u>	<u>21,131</u>
Neomar Resources Limited		
Shares, at cost	4,351	4,351
Share of losses	(118)	(118)
Provision for loss	<u>(4,233)</u>	<u>-</u>
	<u>-</u>	<u>4,233</u>
Other	<u>-</u>	<u>750</u>
	<u>\$ 19,929</u>	<u>\$ 43,026</u>

The Company has guaranteed a mortgage payable by Muskingum, aggregating US\$3,713,000 (1984, US\$4,564,000), which is secured by a lien upon substantially all of the assets of Muskingum. This mortgage is being repaid on a monthly basis over three years from Muskingum's cash flow and it is unlikely that the Company's guarantee will be called upon.

8. Other assets

	<u>1985</u>	<u>1984</u>
Notes and mortgages receivable	\$ 1,142	\$ 1,414
Deferred income tax	931	-
Deferred financing costs	818	1,878
Other	<u>845</u>	<u>127</u>
	<u>\$ 3,736</u>	<u>\$ 3,419</u>

9. Bank loans

	<u>1985</u>	<u>1984</u>
Bank loan, interest at bank prime plus 1%, secured jointly with the Mercur loan (note 10)	\$ 4,269	\$ -
Bank loan, interest at bank prime plus 1%	-	32,916
Renabie bank loan, interest at bank prime plus 1%, secured jointly with the Renabie term loan (note 10)	<u>1,063</u>	<u>1,298</u>
	<u>\$ 5,332</u>	<u>\$ 34,214</u>

10. Long-term debt

	<u>1985</u>	<u>1984</u>
Bank loans		
Term	\$ -	\$ 40,000
Mercur - (US\$3,000,000)	4,192	-
Renabie	550	910
Other	<u>4,415</u>	<u>9,825</u>
	9,157	50,735
Current maturities	<u>952</u>	<u>404</u>
	<u>\$ 8,205</u>	<u>\$ 50,331</u>

The Mercur loan bears interest at bank prime plus 1%, and is collateralized jointly with the current bank loan by a \$10,000,000 registered demand debenture and a note receivable and an interest in a mineral exploration property which have carrying values in these financial statements aggregating \$31,002,000 and shares in subsidiary and affiliated companies. The loan will be repaid from the proceeds of a long-term gold financing.

The Company's portion of the Renabie term loan is repayable \$90,000 per quarter and bears interest at bank prime plus 2%. The assets of Renabie have been pledged as security for both the current and term bank loans.

Other long-term debt includes \$2,770,000 (1984, \$7,370,000) unsecured debt due on demand to a subsidiary of a company, certain of whose shareholders are directors of the Company, bearing interest at U.S. bank prime plus 1%. The loan will be repaid from the proceeds of a long-term gold financing.

11. Other long-term liabilities

	<u>1985</u>	<u>1984</u>
Other liabilities	\$ 4,560	\$ 3,597
Current maturities	<u>262</u>	<u>-</u>
	<u>\$ 4,298</u>	<u>\$ 3,597</u>

Other long-term liabilities include deferred compensation, reclamation reserves and capital leases.

12. Deferred revenue

	<u>1985</u>	<u>1984</u>
Gold Company of America	\$ 44,516	\$ -
Bullion loan	34,868	-
Renabie Gold Trust	<u>6,265</u>	<u>6,880</u>
	<u>\$ 85,649</u>	<u>\$ 6,880</u>

Gold Company of America

In January, 1985, Barrick Minerals (Canada) Inc., a wholly-owned subsidiary of the Company, entered into two gold purchase agreements amounting to \$53,000,000 (US\$40,000,000) for the sale of gold from the Camflo Mine to Gold Company of America, a limited partnership in which a subsidiary of the Company is a general partner. Under the terms of the contracts, which each provide for the purchase of a specified number of ounces of gold, gold is delivered to the Partnership based on a percentage rate per annum of the total contract price which rate is dependent on the prevailing price of gold at the time of its delivery. The rate is 8% when gold is US\$365 per ounce and increases or decreases 1% for every US\$35 change in the price of gold to a maximum US\$1,500 per ounce. All of the assets of Barrick Minerals, including the Camflo Mine, (net book value \$52,800,000) have been pledged as security for the gold purchase contracts.

The net proceeds have been accounted for as deferred revenue and will be recognized in income over the estimated economic life of the contracts.

Bullion loan

In December, 1985 Barrick Mercur Gold Mines Inc. borrowed approximately 77,000 ounces of gold which it immediately sold on the open market for net proceeds of US\$25,000,000, which were used to repay the bank loan associated with the Barrick Mercur acquisition. The bullion loan is repayable in ounces of gold in monthly instalments over 4 1/2 years and bears interest at approximately 2% per annum.

The bullion loan is collateralized by the assets of Barrick Mercur which have a carrying value in these financial statements of \$54,326,000 and a guarantee of the Company. The agreement provides for additional deliveries, in excess of the monthly instalments, equal to 50% of Barrick Mercur's net cash flow from operations after approved capital expenditures and scheduled loan repayments.

Bullion loan proceeds have been accounted for as deferred revenue and will be recognized in income as deliveries are made.

Renabie Gold Trust

Under the terms of a gold acquisition agreement the Renabie Gold Trust receives a percentage of future gold production from the Renabie mine ranging from 3% to 10%, depending upon the then current price of gold. Renabie has issued to the Trust a \$60,000,000 debenture secured by a mortgage and charge on the Renabie mine and a floating charge over Renabie's other properties. The Company's share of these assets is carried at \$20,820,000 in these financial statements.

The net proceeds received under the gold acquisition agreement are accounted for as deferred revenue and recognized in income as distributions are made to the Trust.

13. Capital stock

	<u>Authorized</u>	<u>Issued</u>	
Common shares	Unlimited	19,515,567	\$128,119
First Preferred Shares			
Series A	10,000,000	194,661	370
Series B	10,000,000	952,381	2,000
Second Preferred Shares			
Series A	15,000,000	237,068	576
Warrants		6,400,001	<u>3,320</u>
			<u>\$134,385</u>
		<u>Number of</u>	
		<u>shares</u>	
Common shares			
Outstanding at December 31, 1984		95,777,601	\$125,451
Issued during 1985			
For cash		1,786,950	2,643
On conversion of First Preferred Shares,			
Series A		13,286	25
One for five share consolidation		<u>(78,062,270)</u>	<u>-</u>
Balance at December 31, 1985		<u>19,515,567</u>	<u>\$128,119</u>
First Preferred Shares, Series A			
Outstanding at December 31, 1984		207,947	\$ 395
Converted to common shares during 1985		<u>(13,286)</u>	<u>(25)</u>
Outstanding December 31, 1985		<u>194,661</u>	<u>\$ 370</u>
First Preferred Shares, Series B			
Outstanding at December 31, 1984			
and December 31, 1985		<u>952,381</u>	<u>\$ 2,000</u>
Second Preferred Shares, Series A			
Outstanding at December 31, 1984		256,019	\$ 622
Redeemed for cash		<u>(18,951)</u>	<u>(46)</u>
Outstanding at December 31, 1985		<u>237,068</u>	<u>\$ 576</u>
Warrants			
Outstanding at December 31, 1984		6,000,001	\$ 3,000
In part consideration for			
the Barrick Mercur Loan		<u>400,000</u>	<u>320</u>
Outstanding at December 31, 1985		<u>6,400,001</u>	<u>\$ 3,320</u>

- (a) On December 6, 1985 the Company's shareholders approved a one for five common share consolidation which became effective on December 13, 1985. All references to common shares that follow reflect the effect of the consolidation.
- (b) The First Preferred Shares, Series A, carry a non-cumulative dividend of \$0.114 per share per annum and are convertible into common shares on a five-for-one basis. These shares are redeemable at the option of the Company at the lesser of \$1.90 or at a price (stipulated by the Company) equal to one fifth of the weighted average price of the Company's common shares on The Toronto Stock Exchange over a period of 20 consecutive trading days ending not more than 5 days prior to the date upon which notice of such price is given by the Company.
- (c) The First Preferred Shares, Series B, carry a non-cumulative dividend of \$0.126 per share per annum, are convertible on a five-for-one basis into common shares of the Company and are redeemable at the option of the Company at \$2.3625 per share.
- (d) The Second Preferred Shares, Series A, carry a non-cumulative dividend of \$0.222 per share per annum and are redeemable at the option of the holder at \$2.43 per share.
- (e) The warrants outstanding at the beginning of the year entitle the holder to subscribe for one fifth of a common share of the Company at \$10.50 per share and expire on July 13, 1989. On June 28, 1985, the Company entered into an agreement whereby it may be required to repurchase 3,000,000 warrants at \$0.60 each during the period between July 14, 1986 and August 12, 1986.

The warrants issued in consideration for the Barrick Mercur loan entitle the holder to subscribe for one fifth of a common share of the Company at \$8.00 per share and expire on June 27, 1987.

- (f) There are share purchase options outstanding, expiring at various dates to April 30, 1989, for 474,580 (1984, 428,950) common shares at prices between \$5.60 and \$16.00 per share.
- (g) On July 26, 1985 a plan of arrangement was completed whereby the shareholders of La Luz Mines Limited ("La Luz") other than the Company tendered all their shares for 66,400 shares of the Company held by La Luz. The value of these shares of \$457,000 has been attributed to the cost of the Company's investment in Muskingum Mining Incorporated. As a result of the arrangement La Luz became a wholly-owned subsidiary of the Company. Subsequent to the arrangement the remaining 73,600 shares of the Company held by La Luz were sold for cash of \$658,720. The excess of cost over proceeds was charged to deficit.
- (h) Subsequent to December 31, 1985 the Company entered into agreements to issue up to approximately 600,000 common shares on a flow through basis in consideration for which the Company will receive up to \$9,000,000 to be spent on exploration of the Company's Canadian mineral resource properties.

14. Other income

	<u>1985</u>	<u>1984</u>	<u>1983</u>
Share of earnings of equity accounted companies	\$ 3,007	\$ 833	\$ -
Interest and other income	2,829	2,276	280
Pension fund termination	1,386	-	-
Provision for decline in value of note receivable and marketable securities	(518)	(579)	-
Minority interest in loss of subsidiary	-	70	-
	<u>\$ 6,704</u>	<u>\$ 2,600</u>	<u>\$ 280</u>

15. Income taxes

As the Company operates in a specialized industry and in two geographic segments its income is subject to varying rates of taxation. A reconciliation of the combined Canadian federal and provincial income tax rate with the Company's effective income tax rate is set out below:

	<u>1985</u>	<u>1984</u>
Combined Canadian federal and provincial income tax rate of expense (recovery)	41.5%	(43.7)%
Increase (decrease) resulting from:		
Non-deductible expenses	-	3.6
Resource and depletion allowances	(29.7)	(11.2)
Depreciation, depletion and amortization	0.5	13.5
Capital losses	1.9	4.5
Unrecorded tax benefits of subsidiaries and equity accounted affiliates	12.4	2.8
Foreign tax rates	(0.3)	-
Miscellaneous	(1.2)	(1.0)
Effective rate of income tax expense (recovery)	<u>25.1%</u>	<u>(31.5)%</u>

The principal timing differences and their tax effect are as follows:

Current years loss	\$ 2,037	\$ 1,050
Depreciation, depletion and amortization	(2,411)	438
Resource allowances	(14)	(90)
Capitalized expenditures	(632)	-
Mine development	(433)	-
Pension and employee benefits	217	-
Other items	36	110
	<u>\$ (1,200)</u>	<u>\$ 1,508</u>

The Company and its subsidiaries have non-capital losses which are available for carry forward to future fiscal years ending not later than: 1986, \$400,000; 1990, \$350,000; 1997, \$1,000,000; 1999, \$1,900,000. The tax benefit of these losses carried forward has not been recorded in the financial statements.

16. **Extraordinary items**

	<u>1985</u>	<u>1984</u>
Provision for loss on petroleum and natural gas interests, net of \$9,475 income taxes recovered (1984, \$1,900 expense)	\$24,004	\$ 10,099
Provision for loss on investment in affiliated company, net of \$1,845 income taxes recovered (1984, \$500)	2,388	694
Computer software costs	<u>-</u>	<u>1,585</u>
	<u>\$26,392</u>	<u>\$ 12,378</u>

Further to its decision to discontinue its oil and gas operations, including those held through an affiliated company, the Company has fully provided for its oil and gas interests based on its estimate of their net realizable value.

17. **Related party transactions**

Office premises and administrative expenses are shared with certain related companies, including a company the shareholder of which is a director of the Company and other related companies. These expenses are allocated amongst the companies based on their proportionate share of the actual costs incurred. Fees for legal and consulting services have been paid to professionals who are directors of the Company, a subsidiary or a related company.

Amounts due from affiliated companies amounting to \$659,000 (1984, \$588,000) are included in accounts receivable.

At December 31, 1985 there were outstanding \$322,000 (1984, \$432,000) of residence loans bearing interest at 7% per annum and \$1,431,000 (1984, \$1,107,000) of interest free non-recourse loans, repayable by 1991, to officers or former officers for the acquisition of Company shares under an incentive stock purchase plan.

18. **Business segments**

The Company operates in two geographic areas: Canada and the United States.

	<u>1985</u>	<u>1984</u>	<u>1983</u>
Revenues			
Gold			
Canada	\$ 23,642	\$ 12,158	\$ 1,672
United States	<u>24,876</u>	<u>1,625</u>	<u>-</u>
	<u>\$ 48,518</u>	<u>\$ 13,783</u>	<u>\$ 1,672</u>
Depreciation, depletion and amortization			
Gold			
Canada	\$ 9,360	\$ 3,903	\$ 456
United States	<u>2,137</u>	<u>652</u>	<u>-</u>
	<u>\$ 11,497</u>	<u>\$ 4,555</u>	<u>\$ 456</u>
Income (loss) before extraordinary items			
Operating income (loss)			
Gold			
Canada	\$ (1,710)	\$ (1,128)	\$ (310)
United States	<u>7,974</u>	<u>(7)</u>	<u>-</u>
	<u>6,264</u>	<u>(1,135)</u>	<u>(310)</u>
General corporate expenses, net	<u>(497)</u>	<u>(6,050)</u>	<u>(1,284)</u>
Income taxes	<u>(1,500)</u>	<u>1,508</u>	<u>-</u>
Exploration costs written off	<u>(448)</u>	<u>-</u>	<u>(2,827)</u>
Income from discontinued operations	<u>204</u>	<u>1,961</u>	<u>-</u>
	<u>\$ 4,023</u>	<u>\$ (3,716)</u>	<u>\$ (4,421)</u>
Identifiable assets by geographic area			
	<u>1985</u>	<u>1984</u>	
Canada	\$ 91,263	\$ 127,449	
United States	81,408	31,397	
Australia	<u>-</u>	<u>1,219</u>	
Identifiable assets	172,671	160,065	
Corporate assets	14,226	15,911	
Investments	<u>19,929</u>	<u>43,026</u>	
Total assets	<u>\$206,826</u>	<u>\$ 219,002</u>	

19. Joint ventures

The Company's 50% interest in Renabie, 23.125% interest in Valdez Creek and, effective December 31, 1985 the 26.25% interest in Pinson have been proportionately consolidated. The Company's interest in these investments is summarized below:

	<u>1985</u>	<u>1984</u>
Assets	\$ 45,962	\$ 24,427
Liabilities	10,958	12,251
Revenue	8,970	5,595
Expenses	9,450	6,668

The Company has granted an option to acquire 10% of the Company's interest in Renabie for \$1,160,000 exercisable until January 1, 1989.

Under the terms of the Renabie shareholder agreement either Barrick or Cullaton may, at any time after December 31, 1985, require the other to purchase its interest in Renabie at a stipulated price or, at the other's option, sell its own holding to the other partner at such price.

20. Forward gold sales

As at December 31, 1985, under the Company's gold hedging program, 79,400 ounces of gold had been sold forward for delivery through December 1986, at an average price of US\$336 per ounce. Revenue is recognized as gold is delivered.

21. Differences from United States accounting principles

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. United States generally accepted accounting principles differ in the following material areas:

- (a) The Company's Second Preferred Shares, Series A which are redeemable by the holder at any time, would be excluded from capital stock. Notes receivable from officers and directors relating to share purchase loans would be recorded as a reduction of capital stock. Costs incurred in raising capital, which have been charged directly to deficit, would be deducted from capital stock. As at December 31, 1985 and 1984 capital stock would be reduced by \$3,689,000 and \$3,411,000 respectively.
- (b) Certain deferred taxes relating to business combinations accounted for using the purchase method would not be carried forward. Accordingly as at December 31, 1985, deferred tax credits amounting to \$6,938,000 would be eliminated and the carrying value of "Property, Plant and Equipment" would be reduced by \$6,938,000.
- (c) Interest costs associated with mineral exploration activities would be capitalized.
- (d) Certain overhead administrative costs would be charged to earnings as incurred.
- (e) The Company's subsidiary Muskingum Mining Incorporated would be accounted for by the cost method. In addition, the Company's share of earnings of other equity accounted companies would be restated to reflect an adjustment to the previously reported amounts in order that the investees conform to United States accounting principles.
- (f) As a result of the accounting for deferred taxes noted in paragraph (b), income taxes would be restated.
- (g) The provision for loss on petroleum and natural gas interests and sale of investment in affiliated company, classified as extraordinary items, would be included in operating income.
- (h) Deferred computer software development costs would be charged to earnings as incurred and included in operating income rather than as an extraordinary item.
- (i) Certain information relating to inflation adjusted data otherwise required by United States accounting principles has not been presented as it is not required by Canadian accounting principles.
- (j) Current liabilities would be increased and deferred revenue reduced by \$6,986,000 representing the current portion of deferred revenue.

The following summary sets out the adjustments to the Company's reported loss in order to conform to accounting principles generally accepted in the United States.

	<u>1985</u>	<u>1984</u>	<u>1983</u>
Loss (income) before extraordinary items			
- as reported	\$ (4,023)	\$ 3,716	\$ 4,421
Deferred software development costs	-	45	(46)
Capitalized interest	-	(516)	-
Write-off of capitalized overhead costs	(346)	346	-
Cost method applied to Muskingum Mining			
Incorporated and change in share of			
earnings of other equity accounted companies	2,516	897	-
Change in income taxes	-	634	-
Reclassification of extraordinary items			
as operating items	<u>26,392</u>	<u>10,793</u>	<u>-</u>
Loss for the period based on United States			
accounting principles	<u>\$ 24,539</u>	<u>\$ 15,915</u>	<u>\$ 4,375</u>
Loss per share - calculated using the weighted			
average number of shares outstanding	<u>\$ 1.29</u>	<u>\$ 1.05</u>	<u>\$ 0.45</u>

The following adjustments would be necessary to restate the Company's deficit in accordance with accounting principles generally accepted in the United States:

	<u>1985</u>	<u>1984</u>	<u>1983</u>
Deficit - as reported	\$ 47,370	\$ 24,854	\$ 7,456
Deferred software development costs	-	-	1,540
Capitalized interest	(516)	(516)	-
Write-off of capitalized overhead costs	-	346	-
Cost method applied to Muskingum Mining			
Incorporated and change in share of			
earnings of other equity accounted companies	3,413	897	-
Costs incurred in raising capital	(1,682)	(1,682)	(378)
Change in income taxes	<u>634</u>	<u>634</u>	<u>-</u>
Deficit based on United States accounting			
principles	<u>\$ 49,219</u>	<u>\$ 24,533</u>	<u>\$ 8,618</u>

22. Summary financial information

The following table sets out summarized financial information about unconsolidated subsidiaries and 50% or less owned investees.

	Unconsolidated subsidiaries	50% or less owned investees
	For the year ended December 31, 1985	
Revenues	\$55,549	\$ 2,120
Operating costs	52,601	2,017
Net income	2,516	-
	As at December 31, 1985	
Current assets	\$15,576	\$ 614
Non-current assets	47,701	8,693
Current liabilities	28,055	9,157
Non-current liabilities	31,032	150

23. Unaudited Pro forma financial information

The unaudited pro forma results of operations of the Company as if the amalgamation and acquisitions discussed in note 3(a), 3(b), and 3(c) had occurred January 1, 1984 are as follows:

	<u>1985</u>	<u>1984</u>
Revenues	<u>\$ 74,339</u>	<u>\$ 58,486</u>
Income (loss) before extraordinary items	<u>\$ 3,753</u>	<u>\$ (1,441)</u>
Income (loss) for the year	<u>\$(22,634)</u>	<u>\$(13,819)</u>
Income (loss) per share (dollars)		
Before extraordinary items	\$ 0.20	\$ (0.10)
For the year	\$ (1.18)	\$ (0.90)

The majority of the gold produced at the Mercur Mine during 1984 and to June 28, 1985 was stockpiled and purchased by Texaco International Financial Corporation concurrently with the acquisition by Barrick of the shares of Barrick Mercur. The unaudited pro forma financial information includes as revenue the market price of gold produced based on its value at the time of production.

24. Comparative figures

The comparative figures have been restated to conform to the 1985 presentation.

25. Additional information on petroleum and natural gas activities

As discussed in note 16, the company decided to discontinue its oil and gas operations and, correspondingly, has disposed of or provided against its oil and gas assets. Accordingly, the information in items (a) and (c) is not material for 1985 and has not been disclosed.

(a) Capitalized costs

	<u>1984</u>
Proved properties	
United States	\$ 6,472
Canada	<u>34,210</u>
	<u>40,682</u>
Unproved properties	
United States	21,845
Australia	1,219
Turkey	-
New Zealand	<u>-</u>
	<u>23,064</u>
	<u>\$63,746</u>
Accumulated depreciation, depletion and amortization	
Proved properties	
United States	\$ 65
Canada	<u>1,207</u>
	<u>\$ 1,272</u>

(b) Costs incurred

	Property Acquisition	Exploration	Development	Production	Depreciation Depletion and Amortization
Year ended December 31, 1985					
United States	\$ -	\$1,732	\$1,904	\$ 540	\$ 91
Australia	-	-	-	-	-
Turkey	-	-	-	-	-
New Zealand	-	-	-	-	-
	<u>\$ -</u>	<u>\$1,732</u>	<u>\$1,904</u>	<u>\$ 540</u>	<u>\$ 91</u>
Year ended December 31, 1984					
United States	\$ 3,091	\$1,592	\$1,170	\$ 93	\$ 65
Australia	-	(606)	-	-	-
Turkey	-	(1,254)	-	-	-
New Zealand	-	(547)	-	-	-
Canada	34,210	-	-	1,396	1,207
	<u>\$37,301</u>	<u>\$ (815)</u>	<u>\$1,170</u>	<u>\$1,489</u>	<u>\$1,272</u>
Year ended December 31, 1983					
United States	\$ (825)	\$4,544	\$1,273	\$ -	\$ -
Australia	-	450	-	-	-
Turkey	-	(70)	-	-	-
New Zealand	-	80	-	-	-
Tunisia	-	(1,303)	-	-	-
	<u>\$ (825)</u>	<u>\$3,701</u>	<u>\$1,273</u>	<u>\$ -</u>	<u>\$ -</u>

(c) Net revenues from producing petroleum and natural gas activities

	<u>1984</u>	<u>1983</u>
Canada		
From proved developed oil and gas reserves	<u>4,040</u>	<u>-</u>
Proportional interest of investees (1)	<u>95</u>	<u>-</u>
United States		
From proved developed oil and gas reserves	<u>250</u>	<u>-</u>
Proportional interest of investees (1)	<u>9</u>	<u>-</u>

(1) Investees accounted for by the equity method.

Net oil and gas revenues represent sales attributable to net working interests and royalty interests less production costs.

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

RULE 12-02 REGULATION S-X

SCHEDULE I

MARKETABLE SECURITIES - INVESTMENTS
(Expressed in thousands of Canadian dollars)

<u>Name of issuer and title of each issue (a)</u>	<u>Number of shares</u>	<u>Cost</u>	<u>Market value</u>	<u>Book value</u>
December 31, 1985				
Marketable securities:				
Yorbeau Resources Inc.	358,552	\$ 492	\$ 262	\$ 262
McDermott Mines Limited	43,205	8	8	8
Artic Red Resources Limited	82,200	16	24	16
Pronto Explorations Limited	61,000	31	27	27
Grandad Resources Limited	20,000	12	10	10
Malartic Hygrade Gold Mines Ltd.	100	2	1	1
Camindex Mines Limited	453,334	<u>267</u>	<u>363</u>	<u>267</u>
		<u>\$ 828</u>	<u>\$ 695</u>	<u>\$ 591</u>
Investments:				
Neomar Resources Limited Common shares	1,824,167	\$ 4,351	\$ 365	\$ -
Muskingum Mining Incorporated Common shares	448	633	4,631	4,449
Notes receivable	13,150(b)	14,234	14,234	14,234
Wilanour Resources Inc. Common shares	2,290,363	-	1,214	-
Advances	750(b)	-	-	-
Gold Company of America Units		<u>1,246</u>	<u>946</u>	<u>1,246</u>
		<u>\$20,464</u>	<u>\$21,390</u>	<u>\$19,929</u>

Notes:

(a) Common shares unless otherwise noted.

(b) Face value in thousands of dollars.

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

RULE 12-02 REGULATION S-X

SCHEDULE I (continued)

MARKETABLE SECURITIES - INVESTMENTS
(Expressed in thousands of Canadian dollars)

<u>Name of issuer and title of each issue (a)</u>	<u>Number of shares</u>	<u>Cost</u>	<u>Market value</u>	<u>Book value</u>
December 31, 1984				
Marketable securities:				
Lynx Canada	687,200	\$ 623	\$ 378	\$ 378
Nordex Explosives Limited	108,400	21	27	27
Tappin Copper	37,000	1	1	1
Artic Red Resources Limited	82,200	16	16	16
Pronto Explorations Limited	61,000	31	43	43
Grandad Resources Limited	20,000	12	10	10
Malartic Hygrade Gold Mines Ltd.	100	2	2	2
C.T.G.	12,500	66	28	28
Camindex Mines Limited	453,334	268	317	317
Royex Gold Mining Corporation				
- Common shares	125,354	837	514	514
- Preferred shares	41,784	280	282	282
Barrick-Cullaton Gold Trust				
- units	311,200	311	280	280
		<u>\$ 2,468</u>	<u>\$ 1,898</u>	<u>\$ 1,898</u>
Investments:				
United Siscoe Mines Inc.				
Common shares	2,934,000	\$ 8,424	\$ 3,374	\$ 7,424
Note receivable	10,191(b)	13,707	13,707	13,707
Neomar Resources Limited				
Common shares	1,824,167	4,351	730	4,233
Muskingum Mining Incorporated				
Common shares	448	-	8,100	1,300
Notes receivable	13,150(b)	15,612	15,612	15,612
Wilanour Resources Inc.				
Common shares	2,290,363	-	1,718	-
Advances	750(b)	750	750	750
		<u>\$42,844</u>	<u>\$43,991</u>	<u>\$43,026</u>

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

RULE 12-03 REGULATION S-X

SCHEDULE II

**AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS,
PROMOTORS AND EMPLOYEES, OTHER THAN RELATED PARTIES.**

(Expressed in thousands of Canadian dollars)

<u>Name of Debtor</u>	<u>Balance at beginning of period</u>	<u>Additions</u>	<u>Amounts collected</u>	<u>Amounts written off</u>	<u>Balance at end of period</u>	
					<u>Current</u>	<u>Not current</u>
December 31, 1985						
Triad International Corporation (a)	40	-	-	40	-	-
Roger Jarvis (b)	131	9	-	-	140	-
United Siscoe Mines Inc. (a)	422	-	420	-	2	-
R.E. Fasken (d)	404	-	100	-	61	243
R.M. Smith (d)	308	368	2	-	137	537
A. McLellan (c),(e)	-	137	-	-	137	-
S. Dattels (c),(e)	-	183	-	-	183	-
J. Garbutt (c),(e)	-	179	-	-	179	-
December 31, 1984						
Triad International Corporation (a)	389	195	544	-	40	-
Roger Jarvis (b)	62	69	-	-	131	-
United Siscoe Mines Inc. (a)	-	422	-	-	422	-
S. Dattels (c)	92	-	92	-	-	-
R.E. Fasken (d)	-	454	50	-	99	305
R.M. Smith (d)	-	308	-	-	2	306
December 31, 1983						
Triad International Corporation (a)	-	956	567	-	389	-
Roger Jarvis (b)	62	-	-	-	62	-
S. Dattels (c)	92	-	-	-	92	-

(a) Trade receivable.

(b) Advance due on demand; non-interest bearing.

(c) Note receivable issued on exercise of American Barrick common stock options; non-interest bearing, non-recourse loan secured by the common shares.

(d) Residence loans bearing interest at 7% per annum and non-interest bearing notes receivable secured by American Barrick common shares, acquired pursuant to the amalgamation with Camflo.

(e) Reclassified from not current to a current receivable in 1985.

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

**RULE 12-05 REGULATION S-X
SCHEDULE IV**

INDEBTEDNESS OF AND TO RELATED PARTIES - NOT CURRENT
(Expressed in thousands of Canadian dollars)

<u>Name of Person</u>	<u>Indebtedness of</u>			<u>Indebtedness to</u>		
	<u>Balance at Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at Beginning</u>	<u>Additions</u>	<u>Deductions</u>
December 31, 1985						
Barrick Energy Inc.	-	-	-	7,370	2,770	7,370
Anthony McLellan	137	-	137	-	-	-
Stephen Dattels	183	-	183	-	-	-
Jeremy Garbutt	179	-	179	-	-	-
Southern Pacific Hotel Services Inc.	-	-	-	1,352	-	1,352
December 31, 1984						
Barrick Energy Inc.	-	-	-	3,110	4,260	-
Anthony McLellan	275	-	138	-	-	-
Stephen Dattels	183	-	-	-	-	-
Jeremy Garbutt	179	-	-	-	-	-
Southern Pacific Hotel Services Inc.	-	-	-	480	872	-
December 31, 1983						
Barrick Energy Inc.	-	-	-	4,505	2,108	3,503
Anthony McLellan	275	-	-	-	-	-
Stephen Dattels	275	-	92	-	-	-
Jeremy Garbutt	179	-	-	-	-	-
Southern Pacific Hotel Services Inc.	-	-	-	521	920	961
						480

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

RULE 12-06 REGULATION S-X

SCHEDULE V

PROPERTY, PLANT AND EQUIPMENT
(Expressed in thousands of Canadian dollars)

<u>Classification</u>	<u>Balance at beginning of period</u>	<u>Additions at cost</u>	<u>Retirements</u>	<u>Other changes</u>	<u>Balance at end of period</u>
December 31, 1985					
Gold mining claims, deferred mine development costs, buildings and equipment	\$ 82,573	\$ 67,515 (a)	\$ -	\$ 12,207 (b)	\$162,295
Petroleum and natural gas interests	63,746	4,947	-	(68,693) (c)	-
Mineral exploration interests	<u>15,801</u>	<u>3,816</u>	<u>-</u>	<u>280</u> (d)	<u>19,897</u>
	<u>\$162,120</u>	<u>\$ 76,278</u>	<u>\$ -</u>	<u>\$(56,206)</u>	<u>\$182,192</u>
December 31, 1984					
Gold mining claims, deferred mine development costs, buildings and equipment	\$ 15,674	\$ 66,899	\$ -	\$ -	\$ 82,573
Petroleum and natural gas interests	26,090	63,164	(2,362)	(23,146) (e)	63,746
Mineral exploration interests	<u>-</u>	<u>15,801</u>	<u>-</u>	<u>-</u>	<u>15,801</u>
	<u>\$ 41,764</u>	<u>\$145,864</u> (f)	<u>\$(2,362)</u>	<u>\$(23,146)</u>	<u>\$162,120</u>
December 31, 1983					
Gold mining claims, deferred mine development costs, buildings and equipment	\$ 594	\$ 17,687 (g)	\$(2,607)	\$ -	\$ 15,674
Petroleum and natural gas interests	<u>21,930</u>	<u>8,158</u>	<u>(3,998)</u>	<u>-</u>	<u>26,090</u>
	<u>\$ 22,524</u>	<u>\$ 25,845</u>	<u>\$(6,605)</u>	<u>\$ -</u>	<u>\$ 41,764</u>

(a) Acquisition of Mercur (\$41,828,000), Pinson (\$11,928,000) and other additions (\$11,582,000).

(b) Reclassification of assets on consolidation of entity which was formerly accounted for on an equity basis.

(c) Write-down (\$32,843,000) and sale (\$35,850,000) of petroleum and natural gas interests.

(d) Reclassification (\$728,000) net of write-down (\$448,000).

(e) Write-down to estimated net realizable value of Canadian and international interests (\$8,199,000) and sale of investment in affiliated company (\$14,947,000).

(f) Substantially from the acquisition of Camflo/Bob-Clare.

(g) Acquisition of Sungate (Renabie).

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

RULE 12-07 REGULATION S-X

SCHEDULE VI

**ACCUMULATED DEPRECIATION AND AMORTIZATION OF
PROPERTY, PLANT AND EQUIPMENT**
(Expressed in thousands of Canadian dollars)

<u>Classification</u>	<u>Balance at beginning of period</u>	<u>Additions charged to costs and expenses</u>	<u>Retirements</u>	<u>Other changes</u>	<u>Balance at end of period</u>
December 31, 1985					
Gold mining claims, deferred mine development costs, buildings and equipment	\$ 5,820	\$ 11,497	\$ -	\$ 1,095	(b) \$ 18,412
Petroleum and natural gas interests	<u>591</u>	<u>164</u>	<u>-</u>	<u>(755)</u>	<u>-</u>
	<u>\$ 6,411</u>	<u>\$ 11,661</u>	<u>\$ -</u>	<u>\$ 340</u>	<u>\$ 18,412</u>
December 31, 1984					
Gold mining claims, deferred mine development costs, buildings and equipment	\$ 1,265	\$ 4,555	\$ -	\$ -	\$ 5,820
Petroleum and natural gas interests	<u>-</u>	<u>1,272</u>	<u>-</u>	<u>(681)</u>	(a) <u>591</u>
	<u>\$ 1,265</u>	<u>\$ 5,827</u>	<u>\$ -</u>	<u>\$ (681)</u>	<u>\$ 6,411</u>
December 31, 1983					
Mining equipment, buildings and other fixed assets	<u>\$ 150</u>	<u>\$ 1,210</u>	<u>\$ (95)</u>	<u>\$ -</u>	<u>\$ 1,265</u>

Note: No depletion or amortization taken on non-producing oil and gas interests.

(a) Substantially resulted from the sale of investment in affiliated company

(b) Substantially resulted from the acquisition of Siscoe Holdings Co.

AMERICAN BARRICK RESOURCES CORPORATION
(formerly Barrick Resources Corporation)

RULE 12-10 REGULATION S-X

SCHEDULE IX

SHORT-TERM BORROWINGS

(Expressed in thousands of Canadian dollars)

<u>Category of aggregate short-term borrowings</u>	<u>Balance at end of period</u>	<u>Weighted average interest rate</u>	<u>Maximum amount outstanding during the period</u>	<u>Weighted monthly average amount outstanding during the period</u>	<u>Weighted average interest during the period</u> (a)
December 31, 1985					
Bank loan at prime plus 1% secured by the assets of Renabie and \$500,000 of Company's cash deposit	1,063	11.95%	1,300	1,057	11.98%
Bank loan at prime plus 1%, secured jointly with the Mercur loan (long-term debt) by a \$10,000,000 registered demand debenture, a note receivable, an interest in a mineral exploration property, and shares in subsidiary and affiliated companies	4,269	12.50%	4,269	3,751	12.00%
December 31, 1984					
Bank loan at prime plus 1%, secured substantially by all of the Company's assets	32,916	13.59%	32,916	29,639	13.09%
Bank loan at prime plus 1% secured by the assets of Renabie and \$500,000 of Company's cash deposit	1,298	14.84%	2,010	1,225	13.09%
December 31, 1983					
U.S. \$1,000,000 at U.S. prime, secured on certain oil and gas assets	1,244	13%	2,439	1,653	10.3%
Loan at Cdn. prime plus 1% secured by the assets of Renabie and \$500,000 of Company's cash deposit	530	12%	530	176	12.17%

(a) Based on average month-end Prime rates for the year from the Bank of Canada and the Federal Reserve Bank of New York.

MUSKINGUM MINING INCORPORATED

REPORT ON EXAMINATION OF CONSOLIDATED FINANCIAL STATEMENTS
for the years ended December 31, 1985 and 1984

REPORT OF INDEPENDENT ACCOUNTANTS

The Shareholder and Board of Directors
Muskingum Mining Incorporated
(A wholly-owned subsidiary of La Luz Mines Limited)

We have examined the consolidated balance sheet of Muskingum Mining Incorporated and Subsidiaries as of December 31, 1985, and the related consolidated statements of operations, stockholder's equity, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The consolidated financial statements of Muskingum Mining Incorporated for the year ended December 31, 1984, exclusive of the adjustment referred to in the following paragraph, were examined by other auditors, whose report, dated February 22, 1985, expressed an unqualified opinion on those statements.

We also reviewed the adjustment described in Note 7 that was applied to restate the 1984 consolidated financial statements. In our opinion, the adjustment is appropriate and has been properly applied to the 1984 consolidated financial statements.

In our opinion, the 1985 consolidated financial statements referred to above present fairly the financial position of Muskingum Mining Incorporated and Subsidiaries at December 31, 1985 and the consolidated results of their operations and the changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Columbus, Ohio
February 21, 1986

MUSKINGUM MINING INCORPORATED

Consolidated Balance Sheet
As at December 31, 1985 and 1984
 (Expressed in U.S. dollars)

	<u>1985</u>	<u>1984</u> (Note 7)
ASSETS		
Current assets:		
Cash and short-term deposits	\$ 3,757,602	\$ 6,023,808
Accounts receivable, trade	4,040,248	3,685,209
Inventories	2,724,812	2,206,939
Prepaid expenses	<u>314,480</u>	<u>293,542</u>
Total current assets	<u>10,837,142</u>	<u>12,209,498</u>
Property, plant and equipment, at cost (Notes 2 and 3):		
Land and mineral reserves	9,520,401	9,288,784
Buildings and loading facilities	1,644,325	1,644,325
Washing and preparation plant	2,965,675	2,820,026
Machinery and equipment	21,834,250	26,527,692
Equipment under capital leases	8,645,478	9,092,152
Vehicles	1,835,943	1,887,370
Furniture and fixtures	<u>167,820</u>	<u>153,205</u>
	46,613,892	51,413,554
Less accumulated depreciation, depletion and amortization	<u>22,868,867</u>	<u>21,252,675</u>
	<u>23,745,025</u>	<u>30,160,879</u>
Other assets:		
Notes receivable, affiliate (Note 10)	2,000,000	
Preproduction expenditures, net of accumulated amortization of \$1,235,032 in 1985 and \$1,088,033 in 1984	1,371,908	1,518,907
Advance royalty payments (Note 9)	568,103	413,083
Deferred reclamation costs	1,371,845	1,322,038
Other	<u>35,132</u>	<u>59,835</u>
	<u>5,346,988</u>	<u>3,313,863</u>
	<u><u>\$ 39,929,155</u></u>	<u><u>\$ 45,684,240</u></u>

The accompanying notes are an integral
part of the financial statements.

MUSKINGUM MINING INCORPORATED

Consolidated Balance Sheet As at December 31, 1985 and 1984 (Expressed in U.S. dollars)

	1985	1984 (Note 7)
LIABILITIES		
Current liabilities:		
Accounts payable, trade	\$ 1,961,649	\$ 2,230,835
Current maturities of long-term debt (Note 2)	2,374,343	2,507,516
Current obligations under capital leases (Note 3)	1,740,601	1,714,590
Accrued liabilities:		
Reclamation, current	2,041,446	2,194,825
Royalties	222,250	1,356,250
Payroll and other taxes	1,087,084	965,382
Salaries and wages	263,235	252,665
Interest	70,903	98,310
Other	434,857	406,831
Total current liabilities	<u>10,196,368</u>	<u>11,727,204</u>
Long-term debt (Note 2)	16,698,487	18,221,638
Obligations under capital leases	2,693,813	4,434,412
Accrued reclamation	<u>2,787,740</u>	<u>1,985,398</u>
	<u>22,180,040</u>	<u>24,641,448</u>
STOCKHOLDER'S EQUITY		
Common stock, no par-value, voting, authorized 1,000 shares; issued and outstanding 501 shares	1,300,001	1,300,001
Additional paid-in capital	23,235,486	23,235,486
Accumulated deficit	<u>(16,982,740)</u>	<u>(15,219,899)</u>
Total stockholder's equity	<u>7,552,747</u>	<u>9,315,588</u>
	<u>\$ 39,929,155</u>	<u>\$ 45,684,240</u>

The accompanying notes are an integral
part of the financial statements.

MUSKINGUM MINING INCORPORATED

Consolidated Statement of Operations For the years ended December 31, 1985 and 1984 (Expressed in U.S. dollars)

	<u>1985</u>	<u>1984</u> (Note 7)
Net sales	<u>\$ 40,689,205</u>	<u>\$ 41,686,255</u>
Cost of sales:		
Mine operating expenses	25,148,826	24,546,587
General and administrative expenses	5,765,025	5,650,127
Depreciation, depletion and amortization	4,708,565	4,662,469
Royalties	<u>2,511,979</u>	<u>2,785,389</u>
	<u>38,134,395</u>	<u>37,644,572</u>
Operating income before other income and expense	2,554,810	4,041,683
Interest and other income	533,280	661,066
Gain (loss) on equipment dispositions (Note 1E)	(2,810,527)	280,791
Interest expenses:		
Affiliate	(1,000,000)	(1,000,000)
Other	<u>(1,435,760)</u>	<u>(1,973,652)</u>
Income (loss) before income tax and extraordinary credits	(2,158,197)	2,009,888
Provision for income tax	<u>-</u>	<u>725,000</u>
Income (loss) before extraordinary credits	(2,158,197)	1,284,888
Extraordinary credits:		
Tax benefit of net operating loss carryforwards	-	725,000
Forgiveness of indebtedness by affiliate	<u>395,356</u>	<u>-</u>
Net income (loss)	<u>\$ (1,762,841)</u>	<u>\$ 2,009,888</u>

The accompanying notes are an integral
part of the financial statements.

MUSKINGUM MINING INCORPORATED

Consolidated Statement of Stockholder's Equity For the years ended December 31, 1985 and 1984 (Expressed in U.S. dollars)

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholder's Equity</u>
Balance at December 31, 1983	\$1,300,001	\$23,235,486	\$ (17,229,787)	\$7,305,700
Net income for the year ended December 31, 1984 (Note 7)	<u>-</u>	<u>-</u>	<u>2,009,888</u>	<u>2,009,888</u>
Balance at December 31, 1984 (Note 7)	1,300,001	23,235,486	(15,219,899)	9,315,588
Net loss for the year ended December 31, 1985	<u>-</u>	<u>-</u>	<u>(1,762,841)</u>	<u>(1,762,841)</u>
Balance at December 31, 1985	<u>\$1,300,001</u>	<u>\$23,235,486</u>	<u>\$ (16,982,740)</u>	<u>\$7,552,747</u>

The accompanying notes are an integral
part of the financial statements.

MUSKINGUM MINING INCORPORATED

Consolidated Statement of Changes in Financial Position For the years ended December 31, 1985 and 1984 (Expressed in U.S. dollars)

	<u>1985</u>	<u>1984</u> (Note 7)
Sources of working capital:		
Operations:		
Net income (loss) before extraordinary credits	\$ (2,158,197)	\$ 1,284,888
Items not requiring working capital:		
Depreciation, depletion and amortization	4,708,565	4,662,469
Loss (gain) on disposal of equipment	<u>2,810,527</u>	<u>(280,792)</u>
Funds provided from operations before extraordinary credit	5,360,895	5,666,565
Extraordinary credits	<u>395,356</u>	<u>725,000</u>
Funds provided from operations	5,756,251	6,391,565
Proceeds from sale of property and equipment	204,371	321,670
Increase in reclamation liability, net	802,342	328,867
Increase in obligations under capital leases	-	3,965,314
Increase in long-term debt	<u>1,000,000</u>	<u>1,000,000</u>
	<u>7,762,964</u>	<u>12,007,416</u>
Uses of working capital:		
Additions to property and equipment	1,160,439	5,336,376
Reduction of long-term debt	2,523,150	2,280,291
Reduction of capital lease obligations	1,740,600	2,744,581
Increase in other assets	180,295	208,605
Increase in notes receivable from affiliates	<u>2,000,000</u>	<u>-</u>
	<u>7,604,484</u>	<u>10,569,853</u>
Increase in working capital	158,480	1,437,563
Working capital (deficiency), at beginning of year	<u>482,294</u>	<u>(955,269)</u>
Working capital, at end of year	<u>\$ 640,774</u>	<u>\$ 482,294</u>

The accompanying notes are an integral part of the financial statements.

MUSKINGUM MINING INCORPORATED

Consolidated Statement of Changes in Financial Position, Continued
For the years ended December 31, 1985 and 1984
 (Expressed in U.S. dollars)

	<u>1985</u>	<u>1984</u> (Note 7)
Changes in components of working capital:		
Increase (decrease) in current assets:		
Cash and short-term deposits	\$ (2,266,206)	\$ 2,280,550
Accounts receivable, trade	355,039	(184,089)
Inventories	517,873	93,757
Prepaid expenses	<u>20,938</u>	<u>18,714</u>
	<u>(1,372,356)</u>	<u>2,208,932</u>
Increase (decrease) in current liabilities:		
Accounts payable, trade	(269,186)	(1,880,443)
Current maturities of long-term debt	(133,173)	(195,576)
Current obligations under capital leases	26,011	789,003
Accrued liabilities	<u>(1,154,488)</u>	<u>2,058,385</u>
	<u>(1,530,836)</u>	<u>771,369</u>
Increase in working capital	<u><u>\$ 158,480</u></u>	<u><u>\$ 1,437,563</u></u>

The accompanying notes are an integral
part of the financial statements.

MUSKINGUM MINING INCORPORATED
Notes to the Consolidated Financial Statements

1. Summary of Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of the consolidated financial statements.

A. Organization

The Company is a wholly-owned subsidiary of La Luz Mines Limited. La Luz Mines Limited is a wholly-owned subsidiary of American Barrick Resources Corporation which is a Canadian public company listed on the Toronto Stock Exchange.

The principal activity of the Company is the strip mining of coal in the State of Ohio, United States of America. All coal revenues from the Company's two operating mines, the Muskingum and Crown City Mines, are derived from sales to two electric utility companies under long term contracts expiring in December 1992 and June 1990, respectively. One of the contracts provides for negotiated price escalations on coal sales and, as a result, 1985 net sales includes \$438,643 of retroactive price adjustments for coal sold during 1984.

B. Basis of Consolidations

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Crown City Mining Incorporated, Core Trucking Co., and Minerals Management Associates, Inc. All material intercompany transactions have been eliminated.

C. Inventories

Inventories are comprised of the following:

	<u>December 31, 1985</u>	<u>December 31, 1984</u>
Stockpiled coal	\$ 285,905	\$ 270,395
Bench and pit coal	912,568	631,586
Mine operating supplies and spare parts	<u>1,526,339</u>	<u>1,304,958</u>
	<u>\$ 2,724,812</u>	<u>\$ 2,206,939</u>

Stockpiled coal, which represents coal mined and awaiting shipment, is valued at the lower of average cost or net realizable value. Bench and pit coal is recorded at the lower of the average costs associated with uncovering this coal or net realizable value. Mine operating supplies and spare parts are valued at the lower of first-in, first-out cost or market.

Continued

MUSKINGUM MINING INCORPORATED
Notes to the Consolidated Financial Statements, Continued

D. Depreciation, Depletion and Amortization:

The Company uses the units-of-production method to compute depletion and amortization on mineral reserves and preproduction expenditures. The wash plant and certain pieces of large equipment are also depreciated on the units-of-production method. All other plant and equipment are depreciated using primarily the straight-line method in amounts adequate to amortize costs over the shorter of the estimated useful lives of the applicable assets or, where applicable, the lives of the leases. Estimated useful lives are as follows:

	<u>Years</u>
Buildings and loading facilities	5-10
Machinery and equipment	3-10
Equipment under capital leases	4-7
Vehicles	3-5
Furniture and fixtures	3-7

E. Property, plant and Equipment Dispositions:

When property, plant and equipment is sold or retired, the cost and related accumulated depreciation and amortization are removed from the accounts with the resulting gain or loss on disposition included in operations. Included in 1985 equipment dispositions is the abandonment of a mining shovel with a net book value of \$2,996,372. The abandoned shovel was used at the Muskingum Mine and has been replaced by equipment leased under operating lease arrangements (Note 4). The new equipment will be used in a truck and excavator mining operation.

F. Reclamation:

Management estimates the cost of restoring land disturbed by the mining process for each permit area. Distributed land is determined based upon engineering surveys. The reclamation liability and offsetting deferred costs are recorded at the time the lands are affected. The deferred costs are charged to operations as coal is extracted at a rate based on the total cost of restoring distributed lands divided by the estimated tons of recoverable coal in that permit area. The reclamation liability is reduced as land restoration costs are incurred.

The Company has provided security bonds to the State of Ohio in the amount of \$9,952,000 and \$11,651,000 at December 31, 1985 and 1984, respectively, to ensure the performance of reclamation work.

Continued

MUSKINGUM MINING INCORPORATED
Notes to the Consolidated Financial Statements, Continued

G. Income Taxes

Investment tax credits are reflected on the flow-through method, whereby such credits reduce federal income tax expense in the year in which the credit is utilized.

2. Long-term Debts

Long-term debt at December 31, 1985 and 1984 consists of the following:

	<u>1985</u>	<u>1984</u>
<u>Nonaffiliated debts:</u>		
Notes payable bearing interest at 2% above U.S. prime rates (prime rate of 9-1/2% at December 31, 1985), monthly principal payments of \$74,781, collateralized by certain equipment and machinery, maturing November 1987 through July 1988	\$ 1,980,243	\$ 2,924,115
Note payable, bearing interest at 13.78%, monthly payments of \$8,057 including interest, collateralized by certain equipment and machinery, maturing March 1986	23,637	110,451
Note payable, bearing interest at 7%, monthly payments of \$17,416 including interest, collateralized by certain equipment, maturing July 1986	135,743	327,873
Unsecured notes payable, bearing interest at 10%, principal plus interest payable at the greater of \$.20 per ton on coal produced and sold or \$200,000 per annum	520,237	676,905

Continued

MUSKINGUM MINING INCORPORATED
Notes to the Consolidated Financial Statements, Continued

	<u>1985</u>	<u>1984</u>
Mortgage note payable, bearing interest at 2% above U.S. prime rate (prime rate of 9-1/2% at December 31, 1985), monthly principal payments of \$95,920, collateralized by the first mortgage on the Crown City Mine, including all surface and mineral rights, and the coal preparation plant, maturing December 1988	<u>\$ 3,412,970</u>	<u>\$ 4,564,010</u>
Total nonaffiliated debt	6,072,830	8,603,354
<u>Affiliated debt:</u>		
Term notes payable, including accrued interest of \$3,000,000 and \$2,000,000 in 1985 and 1984, respectively, bearing interest at 10% on original principal amount, collateralized by mortgages on certain coal properties and security interest in the Company's assets, subordinated to the mortgage payable, certain reclamation bonds and the Muskingum lease	13,000,000	12,000,000
Noninterest bearing note payable, collateralized by certain of the Company's assets	<u>-</u>	<u>125,800</u>
	19,072,830	20,729,154
Less current maturities	<u>2,374,343</u>	<u>2,507,516</u>
	<u><u>\$ 16,698,487</u></u>	<u><u>\$ 18,221,638</u></u>

Continued

MUSKINGUM MINING INCORPORATED
Notes to the Consolidated Financial Statements, Continued

Minimum annual maturities of long-term debt for years subsequent to 1985 are as follows:

<u>Maturities to nonaffiliates:</u>	
1986	\$ 2,500,143
1987	2,081,044
1988	<u>1,491,643</u>
	6,072,830
 <u>Maturities to affiliates:</u>	
1989 and thereafter	<u>13,125,800</u>
	<u><u>\$ 19,198,630</u></u>

Provisions of the mortgage note prohibits the repayment of debt to affiliates until the mortgage note matures; however, the noteholder has consented to a \$2,000,000 advance to an affiliated company (Note 10).

3. Capital Leases:

The Company leases certain machinery and equipment used in their coal production operations. Most of the lease agreements contain purchase options at fair market value upon expiration of the lease term. The net book value of machinery and equipment under capital lease obligations at December 31, 1985 is as follows:

Machinery and equipment	\$ 8,645,478
Less accumulated depreciation	<u>4,291,897</u>
	<u><u>\$ 4,353,581</u></u>

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of December 31, 1985 is as follows:

<u>Years Ending December 31:</u>	
1986	\$ 2,088,275
1987	1,920,275
1988	911,648
1989	<u>94,489</u>
	5,014,687
Total minimum lease payments	<u>580,273</u>
Less amount representing interest	
Present value of net minimum lease payments	<u><u>\$ 4,434,414</u></u>

Continued

MUSKINGUM MINING INCORPORATED
Notes to the Consolidated Financial Statements, Continued

4. Operating Leases:

The Company leases certain machinery, equipment and office facilities under noncancelable lease agreements. Rental expense on these leases amounted to \$143,796 and \$31,272 for the years ended December 31, 1985 and 1984, respectively.

In late 1985, the Company entered into several lease agreements for new machinery and equipment. Certain of the machinery and equipment replaced a major piece of equipment which was retired in 1985 (Note 1). The agreements contain purchase options at the fair market value of the machinery and equipment at the end of the lease term.

Rental commitments under noncancelable lease agreements are as follows:

1986	\$1,195,894
1987	1,171,463
1988	1,171,463
1989	1,072,963
1990	1,044,534

5. Retirement and Pension Plans:

Union employees are covered by health and welfare and retirement plans established under collective bargaining agreements. Under the provisions of a multi-employer agreement with the United Mine Workers of America, benefits are funded through contributions to the trusts based upon hours worked and tons produced. Under the Employee Retirement Income Security Act of 1974, as amended by the Multi-employer Pension Plan Amendments Act of 1980, an employer is liable for a proportionate part of the plans unfunded vested benefits liabilities. Actuarial information is not available to determine the Company's liability for unfunded benefits at December 31, 1985. Contributions by the Company for the years ended December 31, 1985 and 1984 were \$2,388,101 and \$2,413,111, respectively.

Employees not covered under collective bargaining agreements are eligible to participate in a 401(K) plan which became effective November 1, 1984. Company contributions match the employees voluntary contribution, but are limited to 6% of the employees compensation. The Company contribution is also limited to the extent of accumulated or current operating profits, exclusive of gains or losses from the sale of property, plant and equipment. For the years ended December 31, 1985 and 1984 the Company's contributions totaled \$109,296 and \$31,582, respectively.

Continued

MUSKINGUM MINING INCORPORATED
Notes to the Consolidated Financial Statements, Continued

6. Income Taxes

The Company files its income tax returns on a basis different from the method used for financial reporting purposes. Permanent differences relate primarily to the use of statutory percentage depletion for tax purposes.

Timing differences result from the recognition of certain income and expense items, principally accelerated depreciation, amortization of preproduction expenditures, and state income taxes, in periods different from those recognized for tax purposes.

The Company utilized a portion of its net operating loss carryforward in 1984 to eliminate its federal income tax liability. The tax effect of this utilization has been included in income taxes, with the tax benefit accounted for as an extraordinary item.

The Company and its subsidiary have net operating loss carryovers available to offset future taxable income and investment tax credit and jobs tax credit carryovers available to offset future taxes payable. The carryovers expire as follows:

	<u>Loss Carry-forwards</u>	<u>Investment and Jobs Tax Credit</u>
1989		\$ 227,683
1990		54,163
1991		14,172
1992		84,984
1993		422,033
1994	\$ 5,667,133	786,339
1995	10,694,959	204,356
1996	5,527,027	117,252
1997	5,273,338	195,772
1998	24,155	116,437
1999		45,354
2000		25,262
	<u>\$27,186,612</u>	<u>\$2,293,807</u>

The benefit relating to these tax carry-forwards have not been recorded in the accounts.

Continued

MUSKINGUM MINING INCORPORATED
Notes to the Consolidated Financial Statements, Continued

7. Restatement and Reclassifications:

The Company's consolidated financial statements for the year ended December 31, 1984 have been restated to eliminate an incorrectly recorded deferred tax provision. This correction to the 1984 consolidated financial statements resulted in a \$300,000 increase to previously reported net income and stockholder's equity.

Certain reclassifications have been made to the 1984 consolidated financial statements to conform to the 1985 presentation.

8. Acquisitions

Effective January 1985, the Company acquired all of the issued and outstanding shares of Minerals Management, Inc. for \$190,000. The sole asset of Minerals Management was \$190,000 cash and it had no liabilities. Minerals Management is a party to the Crown City Mine coal sales contract and acts as agent for Crown City Mining Incorporated in the administration of the sales contract.

9. Royalty Agreement:

The Muskingum Mine's coal mining rights have been leased to the Company in consideration for a royalty payment of \$3.81 per ton on the greater of 700,000 tons per year or the coal produced and shipped in the year. Royalties paid in excess of coal produced and shipped in the year can be applied against royalties due in subsequent lease years on production in excess of the annual minimum tonnage requirements. The lease is for a term of twenty years ending October 31, 1998, subject to the lessee's right to surrender the lease at any earlier time when all economically mineable coal has been mined or minimum royalties on 14,000,000 tons have been paid. The lease may be renewed for successive three year periods.

Under the terms of the agreement, as amended, effective January 1, 1984, the Company has pledged certain machinery, equipment and mined coal and is required to maintain a minimum of \$1 working capital except that distributions to affiliates cannot reduce the level of working capital to below \$2,000,000. Working capital as defined by the royalty agreement excludes the liability for accrued reclamation.

Continued

MUSKINGUM MINING INCORPORATED
Notes to the Consolidated Financial Statements, Continued

10. Related Party Transactions

A. Administrative Fees

The Company pays an administrative fee to an affiliated company for certain administrative and management services. Such fees amounted to \$412,341 and \$419,816 in 1985 and 1984, respectively.

B. Commitment Fees

In consideration for the guarantee of the mortgage payable and certain reclamation bonds, the Company has agreed to pay a commitment fee to an affiliated company of \$.10 per ton on all coal mined and sold. This fee amounted to \$109,703 and \$119,515 for 1985 and 1984, respectively.

C. Notes Receivable

At December 31, 1985, the Company has demand notes receivable of \$2,000,000 from an affiliated company. The notes bear interest at 10%, payable annually, and are classified as noncurrent assets in the accompanying consolidated financial statements as management does not intend to demand payment to the notes during 1986.

D. Indebtedness to Affiliates

As further described in Note 2, the Company is obligated to affiliates for term debt, including accrued interest, of \$13,125,800 and \$12,125,800 at December 31, 1985 and 1984, respectively.

Included in accounts payable, trade at December 31, 1985 is \$84,132 due an affiliate for services rendered during 1985.

In 1985, an affiliate of the Company forgave a \$125,800 noninterest bearing note payable and \$269,556 of other indebtedness incurred in earlier years.

Continued

(b) **Exhibits**

The following exhibits are filed as part of this Form 20-F annual report:

		Page No.
1.1	Stock Purchase Agreement among Getty Mining Company, Getty Gold Mine Company and Barrick Petroleum (USA) Inc., dated May 15, 1985.	111
1.2	Articles of Amendment, dated December 9, 1985	212
1.3	The Toronto-Dominion Bank Gold Bullion Loan Agreement with Barrick Mercur Gold Mines Inc., dated March 13, 1986	214
1.4	Oil and Gas Sale Closing Agreement between Barrick Exploration Company and Barrick Petroleum Texas Corporation, and P.A.N. Enterprises Inc., and S.C.R. Exploration Inc., dated April 1986	255
1.5	Preferability letter on accounting principle changes; Coopers & Lybrand.	269

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN BARRICK RESOURCES CORPORATION

by

A handwritten signature in dark ink, appearing to read 'Jeremy Garbutt', is written over a horizontal line.

Jeremy Garbutt

Title

**Executive Vice-President,
Finance**

Date: June 27, 1986